The China Weekly
REVIEW
密勒氏評論報
A Weekly Newspaper Established In 1917

September 16, 1939

Japan's Peace Proposals to Wu Pei-fu and the Present Wang Ching-wei Situation

Manila as a Haven in War
BY WILLIAM E. FISHER

Neutrality—What it Means

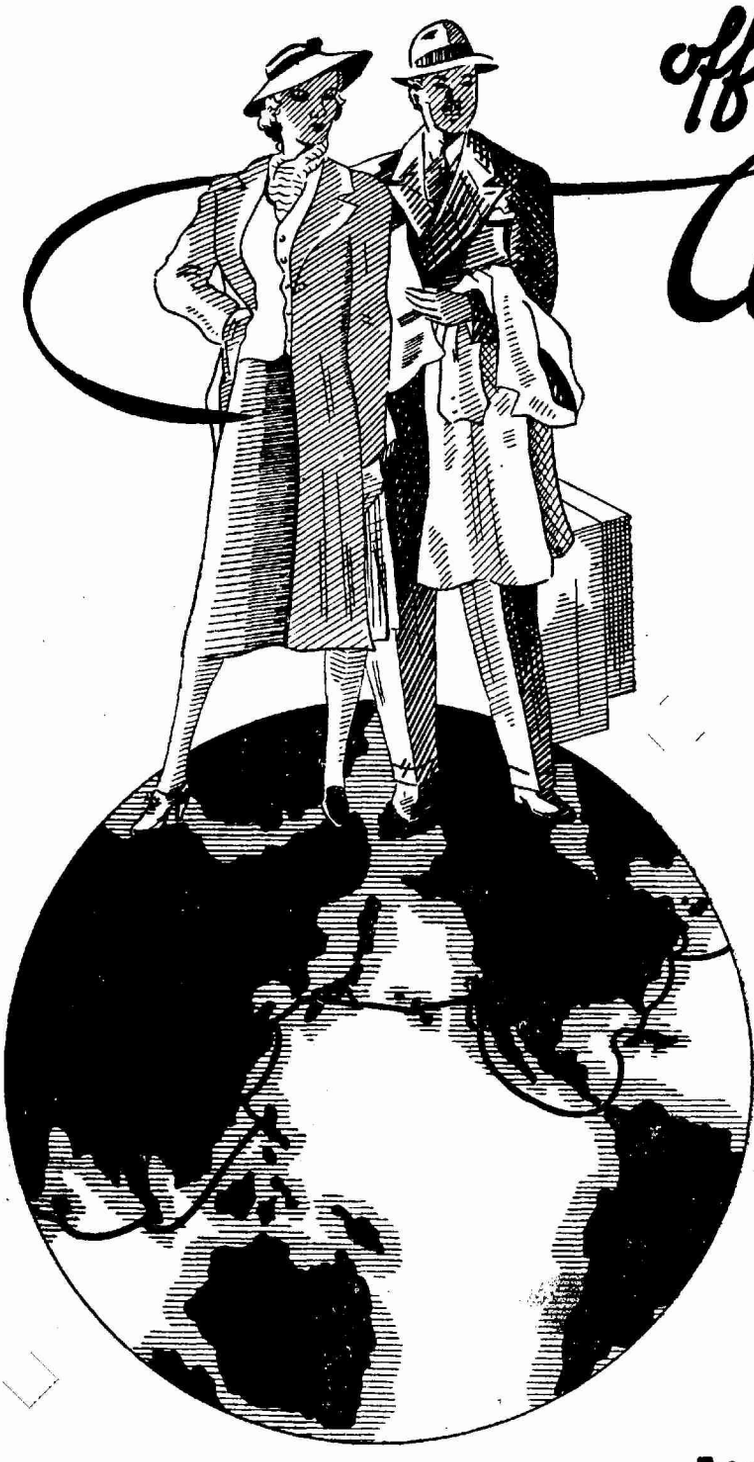
Question Marks in Europe

Economic Repercussions in East Asia of the War in Europe
By John Ahlers

THIRTY CENTS A COPY (In Shanghai) FORTY CENTS ELSEWHERE
Volume 90
Number 3
90-083

PRESIDENT LINERS

offer you the World



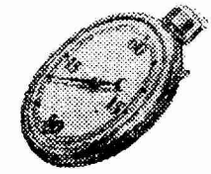
Book Your 1940 Passage Now on the Friendly President Liners

AMERICAN PRESIDENT LINES

90-084

Over
HALF A MILLION
1939 CHEVROLETS
Sold To Date

1ST IN SALES 1ST IN VALUE CHEVROLET



Every 40 seconds of every day, Somebody buys a new Chevrolet!

—and the demand is increasing day after day

A GENERAL MOTORS VALUE

You can always tell a leader by the leader's mighty army of friends!

And the car with the greatest number of friends in the world today—*the unquestioned leader in motor car sales, for the eighth time in the last nine years*—is the trim, fleet, value-giving, value-leading 1939 Chevrolet!

Visit your Chevrolet dealer . . . see, drive and buy the car that is *first in value and therefore first in sales* . . . the new 1939 Chevrolet!

GM GENERAL MOTORS

It's the LIVELIEST of all low-priced cars!

THE AUTO PALACE CO., LTD.

100 ROUTE CARDINAL MERCIER · SHANGHAI · TELEPHONE 70180

EXTRA SERVICE

On Friday, August 25, when the crisis in Europe reached a near-explosive point, THE CHINA PRESS editorial staff went on a 24-hour a day basis, put out, in addition to the news-crammed regular morning issue, two extras—one at 8 a.m., the other at noon.

Since then, the China Press staff has been maintained on a "war footing," has been putting out the noon extra daily. This ten-cent four-sheet special issue, carrying up-to-the-minute flashes from Europe, will continue to appear on the news-stands as long as the crisis lasts.

This extra service to Shanghai's readers is another demonstration of THE CHINA PRESS' efforts to publish news while it's news.

●

FOR COMPLETE EUROPEAN COVERAGE, AS WELL AS FOR EXCLUSIVE CHINA SERVICE OF THE UNITED PRESS NEWS AGENCY,

Read

The China Press

90-085

WORLD-WIDE, EFFICIENT AMERICAN EXPRESS WILL GIVE YOU UP-TO-DATE INFORMATION REGARDING TRAVEL TO ANY PART OF THE WORLD BY STEAMER PLANE AND RAIL. PURCHASE BAGGAGE INSURANCE; AND SAFEGUARD YOUR TRAVEL FUNDS WITH AMERICAN EXPRESS TRAVELERS CHEQUES.

The American Express Co., Inc.

158 KIUKIANG ROAD TELEPHONE 16278

中華郵政特准掛號認為新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China

90-086

What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

LUNACY PREVAILS!

To the Editor:

Just look at the mess that the world is getting into now. I have reasoned, on the basis of the facts, that it couldn't happen; now I am more than ever convinced that lunacy prevails in the world now and unless sanity returns we are perhaps going in for the mutual destruction of the human race. I have a faint hope that this war may not last, for I fail to see that there is any conviction among the people of the countries now fighting, except perhaps among a section of the German people, to fight **with a good heart.** It seems quite different from what it was in 1914.

I hope that America will keep out of it and watch and see when she could put her whole important weight to cause peace to be made, and I hope that the next peace will be made on the basis of justice to every people. Without justice there could be no lasting peace.

I also enclose a check for a renewal of my subscription. I am glad **The Review** is keeping up the good work of exposing facts for the enlightenment of the public, and the intrigues and chicanery of politicians and others who **pretend** they are serving the welfare of their fellow men.

CHINESE

Shanghai, Sept. 11, 1939

BOMBS AS INSTRUCTORS

To the Editor:

On this undefended little town, successive raids were conducted by enemy planes on August 23 and 25. The most devastating one was the raid on the 25th. More or less five minutes after the alarm sounded, appeared the planes in the air. Encircling and reconnoitering, the bombers dropped not less than fifty bombs on the outskirts and in crowded streets of the town. Some incendiary bombs exploded before the building of the hsien government. Instantly both sides of the street were set afire and more than two thousand houses were burnt down, including many of the greatest shops.

But contrary to the enemy's expectations, casualties were very few, because most of the people had already fled in all directions away from the town.

I went down once to a village, asking an old peasant where did he shelter himself during the raid on the 25th. "When the Nippon planes came here, we lay quietly on the earth in the open air," he said, in a loud voice. "We have no dugout and to be in the house is dangerous."

We would never dream of hearing such words uttered by an old, illiterate and ignorant peasant before the outbreak of war. "Go to the villages" had been one of the most popular slogans of the educated people and of the Government, but few people were so up and doing. Chinese peasants are learning. And I hope our enemy bombers will bring more prosperity to our rural areas which are and will be the main source of our prolonged resistance.

FAN YAO-MING

Lishui, August 30, 1939

THAT TOKYO FORMULA

To the Editor:

The reception accorded the Craigie-Arita formula demonsrated once more the solidarity, apparent at least, in the aggressor front. In Japan and the occupied territories in China, in Germany and Italy, it was hailed as a signal victory for the Axis, a dismal and humiliating surrender of the leading appeasement government and, at the same time, a stimulus for the intensification and extension of measures to consolidate and augment the advantage initially gained.

The same, however, cannot be said of the line-up against the aggressors. The Chinese, naturally, were shocked by the prompt and unprincipled capitulation to brute force; they were at a loss to understand this Far Eastern Munich, in view of the conspicuous failure of the original one and the concrete results lately from the firm stand adopted over Danzig; and, with the memory still fresh of the solemn assurances prior to the final let-down last September, they were excusably skeptical over the official statements on the China Policy that Great Britain is bound to observe as a member of the League of Nations and a signatory of the Nine-Power Treaty. While the resolutions at Geneva and Brussels forbade the recognition of a "situation brought about by force" and recommended "effective measures" in aid of China, by the formula the British Government specifically undertook to "fully recognize the actual siuation in China" and not to "countenance" any act prejudicial to the "special requirements" of the Japanese forces in China.

If such all-round reasonableness and mutual understanding do not bring about a harmonious cooperation between the two great Empires, what will? As to the four Chinese suspects, what matters it what the fresh evidence is which the Japanese have "confidentially" given to the British authorities. Who cares? Life is cheap in this part of the world, as cheap as Principle.

INDEPENDENT RATIONALIST

Shanghai, Sept. 9, 1939

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

J. B. POWELL, *Editor and Publisher*

C. FRANK GLASS, *Assistant Editor* HOH CHIH-HSIANG, *Editorial Dept.*

Advertising Dept.: TRYPHON V. KU, S. GRUENBERG

F. K. CHAO, *Business Dept.*

Index for September 16, 1939

Editorial Paragraphs

Japan's Peace Proposals to Wu Pei-fu and the Present Wang Ching-wei Program 77
Neutrality—Principle or Expedient; The Lesson of History .. 79
Propaganda Replaces News As War Censors Go Into Action .. 80
Enforcement of Neutrality May Compel U. S. to Go on Complete War Footing 81

Special Articles

Manila Would Serve as Refuge for War-Harassed Far Eastern World ..... *By William E. Fisher* 83
Economic Repercussions in East Asia of the War in Europe *By John Ahlers* 85
Big Question Marks in the European War 89
Proposals for Settling the Wanderers .....*By Julius Rudolph* 90
President's Proclamation & Passport Rules 93
Khalka River Oasis Seen as Main Cause of Manchu-Mongol Friction ..... *By Denzo Hiratake* 98
Tokyo Curbs Kwantung Army By Naming New Envoy to Hsinking 100
Chiang Takes Control of 'Big Four' Banks; Soong Secretly Visits Capital 101
Wang Ching-wei Busy Molding Central Puppet Regime 102

Departments

What People Are Saying 75
Outstanding Events in the Sino-Japanese War 106
Who's Who in China 109
Men and Events 110
New Books of Interests in the Far East 113

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, FOURTEEN DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. ADD $3.00 TO COVER EXTRA POSTAGE TO HONGKONG. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR-MAIL—TO CHUNGKING AND ELSEWHERE IN WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $30 A YEAR OR $15.50 FOR A HALF-YEAR.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

ALL EDITORIAL, TEXT AND OTHER MATERIAL IN THE WEEKLY ISSUES OF THE CHINA WEEKLY REVIEW IS COPYRIGHTED UNDER CERTIFICATE OF REGISTRATION NO. 9953 ISSUED BY THE MINISTRY OF INTERIOR OF THE NATIONAL GOVERNMENT OF THE REPUBLIC OF CHINA.

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS THE QUICKEST AND MOST RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES....

In CHINA file your messages "RCA"

(R.C.A. Communications, Inc.)

R. C. A. Communications, Inc.

(A Radio Corporation of America Service)

Head Office for China:—
Sassoon Arcade
Shanghai
Tel. 12558

AGENCIES:—
Tientsin: 65 Consular Road, Tel. 31480.
Hongkong: China Building.
Hankow: Harrisons, King & Irwin Building, Tel. 21771.

90-088

China's Best

美麗牌香烟

My Dear

CIGARETTES

A leading product of
HWA CHING
TOBACCO CO., LTD.

SOLD EVERYWHERE

密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China

Volume 90 Shanghai, China, Saturday, September 16, 1939 Number 3

Japan's Peace Proposals to Wu Pei-fu and the Present Wang Ching-wei Program

SEVERAL months ago the Japanese Army authorities had it all fixed up for Marshal Wu Pei-fu, erstwhile Chihli war-lord, to become president of a new "Central Government," to which the leaders of the present Nanking and Peiping puppet regimes would immediately declare their allegience.

The Japanese were so sure that Marshal Wu had swallowed their bait that they announced their program and even staged a press conference so that the old Chinese military leader could tell the world of his plans. But when Wu read his statement everybody laughed because it was obvious that the crafty 60-old year Chinese war-lord had outwitted Japan's masters of intrigue who had worked on the plan for many months. A few days later the Japanese generals were made to appear even more ridiculous when Chinese guerrillas raided the headquarters which the Japanese had furnished for Wu's occupancy at Kaifeng, Honan, where, incidentally, Marshal Wu had ruled when at the height of his power nearly two decades previously.

We are indebted to Hallett Abend, correspondent in China for the *New York Times*, for the first complete account of the peace proposals which the Japanese offered Marshal Wu. They appeared in an article entitled, "How Japan Carries On," which appeared in the August 19 *Saturady Evening Post*. The subject is of vital interest now because of the efforts of another group of Japanese to find a more willing and more pliant puppet for their ardently desired "Central Government of China". That the Japanese will have better luck with their present candidate Wang Ching-wei than they did with the old patriot Wu Pei-fu, seemed likely when these paragraphs were written.

Owing to the importance of the subject we quote Mr. Abend's account in full:

"It was proposed that Marshal Wu should announce himself as the president of a new 'Central Government,' and that the leaders of the present Peking and Nanking regimes should at once declare their allegience. He was then to make a special non-aggression treaty with Japan, to be supplemented by a military alliance in which each nation was to pledge itself to come to the aid of the other in case of threatened attack. The marshal was to declare loyal adhesion to the Tokyo-Rome-Berlin Axis, and was to 'negotiate' a special trade treaty with Japan.

"Marshal Wu insisted that if he acceded he must have his own army, and that the bulk of the Japanese forces must be withdrawn from Chinese soil, so finally a compromise was reached.

"This compromise specified that Wu Pei-fu would be permitted to recruit an army of 100,000 men during the first year of his tenure of office, and would be permitted an additional 100,000 men every year for four years thereafter. But this so-called Chinese army was to be equipped with nothing more formidable than rifles, revolvers, and bayonets. Machine guns, artillery, tanks and airplanes were to be strictly forbidden. In other words Marshal Wu was to be conceded 500,000 armed police; nothing more.

"Japan, in turn, was to agree to withdraw one fifth of her army of occupation every year for five years,

Far Eastern Pest!.

The Japanese beetle.

New York Times

The cartoonist used a symbolic swarm of Japanese beetles, well known fruit tree pest in the United States, to dramatize the effect of the Japanese invasion of China.

at the end of which time there were to be only five Japanese divisions left in China, and these five divisions, collectively about 125,000 men, were to be considered a 'permanent garrison' to help China defend her borders from invasion. The placing of these troops had been

so skillfully planned that effective Chinese rebellion would have been practically impossible.

"In the five-year interval before the withdrawal down to a minimum of five divisions was completed, the Japanese planned the construction of radiating railways from each of the proposed divisional centers, so that tanks and troops could be moved with great speed to any section of the country where rebellions or uprisings might occur.

"'Of course, we expect uprisings for years'," one Japanese commander admitted at the time the plan was under discussion. And then he added grimly, 'But we are certain that our airplanes can control any situation that may arise until such time as our tanks, our troops and our artillery arrive.'

"Here is a picture of the desired Pax Japanica. And the admitted certainty of years of uprisings and regional rebellions shows that the Japanese leaders are not deceiving themselves into believing they can quickly secure widespread Chinese co-operation.

"Marshal Wu, clever plotter that he is, was evidently trying only to see just how far Japan would go in the matter of concessions to 'save China's face,' so he insisted that if he consented to head a new government he would tolerate no Japanese advisers. The Manchukuo Government, he said, was a parody and a joke, and his proposed government must have at least a semblance of autonomy and self-administration.

"Surprisingly, Japan relinquished her demands for advisers in all branches of the proposed government setup. There was, however, to be a Control Yuan, which would have the power to veto all or any acts of any other departments of the proposed government, and behind this Control Yuan was to be a small group of Japanese—observers, not advisers, it was specified. But no doubt Japan thought these 'observers' would be able to dictate what was to be controlled, and how."

WANG AND THE JAPANESE ARMY

Since Wang Ching-wei's rump Kuomintang Congress and Wang's later declaration to the foreign correspondents on the subject of withdrawal of Japanese troops were both ambiguous, it is probably safe to conclude that the former Kuomintang leader has accepted the conditions which were rejected by Marshal Wu Pei-fu: That the Japanese Army now in China—reputed to number approximately 1,000,000 men—is to be *gradually* withdrawn over a period of five years, but at the end of that time Japan is to be permitted to keep in China five divisions, or about 125,000 men, as a permanent garrison and that these troops are to be stationed about the country in strategic positions so arranged that another Chinese rebellion against Japanese military domination will be an impossibility.

Guarding the Land

If one desires further confirmation of this Japanese program it may be found in the record of official proceedings of the last session of the Imperial Japanese Diet wherein General Itagaki, Minister of War, in reply to a question by a member, stated that China would be compelled to support permanent Japanese garrisons stationed on Chinese soil. Gen. Itagaki also declared that the "center" of the Japanese armed forces in future "would be located on the Continent."

In his official declaration to the foreign correspondents on Sept. 7 Wang referred to the question of withdrawal of Japanese troops in the following words:

> "With regard to the withdrawal of the Japanese troops from China, it must be borne in mind that evacuation is always the result of peace. And while the Chungking Government is still shouting Resistance, it is obvious that no general evacuation can be effected, which can only take place after peace is re-established and the nation unified as a result of the downfall of the present Chungking regime."

Since the withdrawal of Japanese troops is the most important element in any so-called "peace terms" which Wang might make with the Japanese generals, and is a subject of vital concern to millions of his harassed countrymen who have been murdered, wounded, raped and maltreated by the armed ruffians of Nippon, it stands to reason that the President of the "rejuvenated" Kuomintang would announce the proposed terms for the withdrawal of Japanese troops from Chinese soil, if he dared. That he has not made such an announcement leads to the inevitable conclusion that he either has reached no understanding with the Japanese aggressors on this subject, or he lacks sufficient courage to make the terms public.

Mr. Wang probably realizes all to well that if the Japanese forces were withdrawn from China, his own Kuomintang organization and "government" would be compelled to evacuate at the same time, because the withdrawal of the forces of Imperial Nippon would be followed by the reoccupation of the country by the forces of the legal national government of the nation. Even under present conditions the hsien (county) organizations, maintained intact except in cities actually garrisoned by the Japanese, have remained loyal to the provincial administrations which support the national government at Chungking.

It was not without significance that Mr. Wang referred to Spain in connection with the matter of foreign recognition of the government he hopes to establish, because it is rumored that his position as Chief Executive of the new administration will not be greatly different from that of General Franco, from the standpoint of that puppet's relations with Hitler and Mussolini whose airplanes, tanks and bayonets put him in office.

THE ANTI-RED PROGRAM

Since Wang Ching-wei has attributed his trouble with Gen. Chiang Kai-shek and the other Party leaders to the influence of the Communists, he has obviously been seriously embarassed by recent international developments which have made his "anti-comintern" platform and program ridiculous. As John Gunther, the well-known American writer, stated in his new book "Inside Asia," he knew of nothing in the world which was deader than the Third International. The so-called Third International began to die following the expulsion of Leon Trotsky from the Soviet Union and the scuttling of his program for world revolution. When the Tokyo-Berlin-Rome Axis was formed, it was based on military opposition to the Soviet Union, but was camouflaged under the term, "anti-comintern." Therefore, when Hitler deserted the Axis and made a secret deal with Stalin, it obviously left Wang Ching-wei's platform and program suspended in the air. Although the rump Kuomintang Congress was held in Shanghai several days after the announcement of the Hitler-Stalin deal, there was no indication in Wang's Kuomintang Manifesto that he had heard the world-startling news.

Now, one wonders what Wang will do for an

ideology if the Japanese and Russians also make a deal, as was commonly rumored when these paragraphs were written. Mr. Wang's anxiety in this regard was indicated in an article published in the Tokyo *Nichi-Nichi* on Sept. 7 wherein it was indicated that Wang had made inquiry in Tokyo regarding Japan's intentions in connection with Japan's future relations with the opposing groups in the European struggle. Wang was quoted in the Tokyo paper as declaring that the Chinese Communist Party was not fighting "for the sake of China, but for the aggrandizement of the Soviet Union." He told his Japanese friends in Tokyo that if Germany won in Europe, the Soviet Union "would triumph and Bolshevize all Europe."

While Wang has constantly emphasized the element of "anti-Communism" in his political statements, he must realize that Communism has ceased to be more than a name and that the former Red Army in China, now known as the Eighth Route and the New Fourth Army, gave up all of its strictly Communist principles when it made a deal with General Chiang Kai-shek at Sian. The only "red" doctrines which are advocated by the so-called Communists in China today are largely concerned with agrarian reforms and a program for improving the lot of the oppressed peasant farmers and laborers—reforms which could arouse no opposition anywhere, except in the minds of Japan's mediaeval militarists.

FOREIGNERS AND THEIR INTERESTS

Foreigners have as yet paid little attention to the activities of Wang Ching-wei and his associates who make their headquarters in the fortress erected for them under the supervision of the Special Service Section of the Japanese Army and the Ta Tao Municipality—located at No. 1136 Yu Yuen Road (House 32) in the so-called "Badlands" section. While Wang, up to the present, has touched lightly on the subject of foreigners and their interests, this does not mean that important developments affecting foreigners will be ignored by the "government" which Wang plans to establish shortly, with the assistance of the Japanese Army.

Sufficient has been said by the Japanese Army authorities in connection with the recent and continuing anti-British campaign, and by the local Ta Tao municipal leaders on the subject of eliminating foreigners and their interests, to indicate what may be expected following the inauguration of the new regime. That Japan's threats to "drive the foreigners out of Asia" will be translated into anti-foreign legislation by the new Nanking administration appears to be more or less obvious. The threats on the part of Japanese Army officers and their controlled press to abolish exterritoriality and scrap the Nine-Power Treaty, probably will be translated into actualities after the puppet Wang Ching-wei government assumes office in Nanking. This is what happened in Manchukuo following the inauguration of that puppet regime, hence the likelihood that the Manchukuo program may be followed here.

China Today, N. Y.

Neutrality—Principle or Expedient; The Lesson of History

WITH the European war just concluding its second week, there have already been numerous violations or reported violations of the neutrality of states which have elected, at least for the time being, to remain aloof from the conflict. British bombers flew over Belgian territory and were engaged by Belgian combat planes. Other British machines bombed the Danish town of Ejsberg "by mistake." Others flew over Holland. Nor is this all. Germany has charged that a British warship violated Brazilian territorial waters in order to run down and sink a German freighter, while the Governor-General of the Netherlands East Indies has ordered an investigation into a charge that a British warship, aided by a British bomber, seized the German steamer *Franken* only 800 meters from shore in the waters of the N.E.I.

Thus far there have been no charges that Germany has violated the rights of neutral countries, and we can be sure that had there been any such instances the British propaganda machine would have exploited them to the full. That all the violations have been British is not surprising, since on the Western Front Germany is engaged in a more or less passive defense, while her sea-power actually involved at present is confined to raiding submarines.

For the violations of Belgian, Dutch and Danish neutrality, the British Government has tendered formal apologies, while the three countries, on their part, are reported to be taking additional military measures with a view to "defending" their neutrality against all comers. It is precisely at the point where a neutral state is driven to defend its neutrality by force of arms that its neutrality may be expected to break down. As the war progresses, it will become more and more difficult for the neutrals to remain neutral, for the powers now locked in combat can hardly be expected—declarations to the contrary notwithstanding—to accord absolute respect to the rights of neutrals if by so doing they deprive themselves of military advantages or the possibility of striking blows at the enemy.

Neutrality, and respect for the rights of neutrals, are not eternal principles, but ephemeral expedients. The verdict of history in this regard is unmistakable. In the World War of 1914-18, Great Britain showed cynical disregard of Greece's neutrality and even went the length of occupying Greek territory in order the better to be able to strike at the Turks. When Germany violated the neutrality of Belgium, she did so in accordance with elementary military strategy, but at the same time she provided the Allied Powers with a telling pro-

paganda weapon, enabling them to depict the war as a Quixotic defense of "Gallant Little Belgium." Several years later it was revealed that the strategic plans of the British and French general staffs *also* called for an invasion of Belgium in the event of war against Germany. In fact, violation of Belgium's neutrality was a fundamental postulate of Allied strategy. The Germans got there first—that was all.

Neutrality declarations in the present war have reached a surprising number. Almost the entire world, with the exception of the initial belligerents, has taken

Daumier in the New York Times

a neutral stand. Even Japan's puppet governments at Peiping and Nanking have fallen into the current fashion, no doubt on instructions from Japan, which is also a "neutral."

We repeat: Neutrality is an expedient, not a principle. The states which have declared themselves neutral have done so either because they are not yet sure which is going to be the winning side, or because neutrality, for the present, offers more advantages than an active belligerency. In a war between powerful states, the relative advantages of neutrality or belligerency are liable to change rapidly. A point is inevitably reached at which the choice is no longer one between neutrality or belligerency, but the more simple one: which of the two sides to join.

Thailand, formerly Siam, is one of the neutrals in the Far East, and last week-end the British Government gave assurances that it would respect Thailand's neutrality if other countries did the same. This is interesting, because the only other country likely to violate Thailand's neutrality is Japan.

Propaganda Replaces News As War Censors Go Into Action

CENSORSHIP, in war or peace time, has always been the nightmare of honest journalism. Where censorship prevails, honest reporting becomes well-nigh impossible. News accuracy, and the prompt nailing of lies detrimental to the public interest, is largely dependent upon competitive reporting and a free hearing for all.

The war in Europe has killed what remained of a free press on the Old Continent. In England, newspaper readers are getting only what the Ministry of Information thinks they ought to know. The press in the "democratic" countries has become as totalitarian as the press in Germany or Italy. Censorship in war time is justified by those in authority on the ground that it is designed only to prevent leakage of vital information to the enemy. But there is much more to it than that. The censors are part of the war propaganda machine, and the purpose of that machine is, in the main, to get the people to think only what the powers-that-be want them to think. Hence news—including, of course, quite authentic news—that might cause them to think otherwise than in the desired channels is suppressed.

Accurate reporting is often enough a difficult job even in peace time. In war time the difficulties are multiplied a thousandfold. The war in Europe is barely two weeks old, yet we already have seen what censorship and official propaganda have done. On the first day of war, Sept. 3, the German liner *Bremen* was reported captured by a British cruiser on the broad Atlantic—Britain's first big war prize. Now it transpires that the vessel was not captured at all. On the second day of the war, the French army had already succeeded in cracking the Siegfried line, but the story was denied a day later. Such is the skepticism of public opinion that few people believed the latter story, although some admitted that it *might* be true. But the *Bremen* yarn was widely believed. Then there was the story of the torpedoing of the Butterfield & Swire steamer *Anking* off the coast of Luzon. It never happened.

These are just some of the falsehoods that have been exposed. How many more are still believed? One can not even guess. After the last European war a British member of parliament, Arthur Ponsonby, wrote a book entitled *Falsehood in War Time*, showing how the governments of the principal belligerent countries lied, and lied consistently, to their respective peoples, not only as regards war happenings but also as regards the aims of the war. In due time, the current war will doubtless produce a similar expose.

As in the last war, it is the British censorship that is coming in for most of the criticism. Not surprisingly, news of such criticism is being brought to Shanghai almost exclusively by the German *Transocean* news service. According to this agency, foreign correspondents stationed in London have protested to the British authorities against the "petty chicaneries" of the press censors which make it practically impossible for them to report news. Several American correspondents were said to have threatened that they would cease filing dispatches from England unless they were given better reporting facilities.

The German agency also brought a report from New York quoting Congressman Foster Stearns (Republican, New Hampshire) as severely criticizing the British press and the agitation of the British authorities. He had just returned from England, and declared that his stay there had convinced him that the British public "does not know in the least what is going on." That was on Sept. 11, eight days after Britain had declared war on Germany.

Here is an item that was evidently intended to regale the American public. Newspapers in the United States somewhere got a report that Leopold Stokowski, world-famed conductor of the Philadelphia Symphony Orchestra, was on a refugee train near Paris and nearly lost his life when German planes bombed the train. Stokowski, however, was in Hollywood when the alleged bombing of the refugee train occurred.

Japan and the Argentine, according to a *Transocean* report from Amsterdam on Sept. 10, have approached the Netherlands government with a view to establishing direct radio communications with the Netherlands, presumably because of the rigid British censorship which makes the routing of news through England by cable or radio virtually impossible.

With the avenues for transmission of news tightly controlled by the European censorships, newspaper readers in the Far East are to a considerable extent bound to be deceived and to have their minds clotted with propaganda and falsehood. Shanghai, however, is in a somewhat favored position, for competitive reporting of European events still continues here (although subject to censorship at the source) thanks to the international character of the city which enables rival news agencies—some commercial, others purely propagandistic—to function more or less normally. It is perhaps worthwhile to list and identify the press agencies which are bringing world news to Shanghai.

Reuters:—British, nominally independent, but now completely subject to restrictions imposed by the Ministry of Information in London.

United Press:—American, entirely a commercial organization, subject to no American censorship, and now limited in its news-gathering and transmission operations only by censorships of other countries.

Havas:—French, expresses exclusively the viewpoint and interests of the French Government.

Transocean:—German, a commercial organization (by contrast with the semi-official D.N.B.), but nevertheless sticks to the Nazi viewpoint.

Tass:—Soviet Russian propaganda agency.

Domei:—Japanese Government-controlled agency.

Fleetnews:—British, nominally independent, but with a decidedly pro-Soviet tinge.

90-092

Enforcement of Neutrality May Compel U. S. to Go on Complete War Footing

THE enforcement of the U.S. Neutrality Law, which became effective by Presidential Proclamation on September 5 (published in full in this issue), may make it necessary for the United States to adopt measures, domestic and external, which will not greatly differ from an actual state of war.

This was evidenced in press reports from the United States indicating moves toward the strengthening of American defenses in practically all branches of the military services. Of initial significance was the decision to form a "High Command," with the object of developing arrangements for the use of America's "full military strength" in view of developments in Europe. According to *Army and Navy Journal* the group will consist of the President; the Secretary of State, Cordell Hull; the Secretary of War, Harry Woodring; Chief of Staff of the Army, Gen. George C. Marshall; and the Chief of Naval Operations, Admiral Harold C. Stark. The group will consider all matters relating to national defense and determine all measures essential to promote the vital interests of the nation—until war comes, and after, "should the United States become involved."

In short, the United States, through the enforcement of the Neutrality Law, a congressional measure designed to prevent the country from becoming involved in another world war, will probably be compelled to rush war preparations just as strenuously as would be necessary if the country actually was preparing for war. The enforcement of the neutrality legislation has also necessitated the speeding up of the reorganization of the executive branch of the Federal Government, which was authorized by Congress some time ago.

From the standpoint of national defense, the Navy Department has announced the immediate calling into service of 116 destroyers which have been lying idle in navy yards at Philadelphia and San Diego since the "scrapping and limitation" days which followed the Washington Arms Conference of 1921-1922. These destroyers, quite similar to those now seen in China waters, will be recommissioned and placed in service for patrolling and enforcement of the provisions of the Neutrality Act which affect maritime transportation. It was made known, however, that the Administration has no present intention of convoying American ships through danger zones.

It was also announced that the Navy personnel would be increased from 110,000 to 116,000 men as soon as possible. The increase, authorized by Congress, originally was not planned to become effective before July of next year. The Navy's building program will also be speeded up, and a 24-hour work-day may be decided upon. Work in navy yards at present is now on an 8 and 16-hour day basis.

What action the Navy may be forced to adopt in connection with the repatriation of American citizens necessitated by the war has not yet been decided upon. Under the regulations of the Neutrality Act Americans can return home on ships of belligerents for a period of ninety days. After that they must confine their traveling to American ships. Thus far the reaction in the United States to the sinking of the British liner Athenia has been surprisingly calm, according to report. Joseph Kennedy, Ambassador to Great Britain, sent a strong demand to the U.S. Maritime Commission on Sept. 8 to speed up the despatch of ships to repatriate thousands of Americans marooned in European ports. The liner President Roosevelt, assigned to evacuate Americans from France was held up at Havre for eighty hours due to a walkout by about half the crew. The Union demanded U.S.$ 25,000 for individual life and disability insurance, a $250 monthly wage increase and a 40 per cent increase in the ship's crew personnel. The Maritime Commission was compelled to compromise with the union before the ship was able to sail with its capacity load of refugees.

ATTENTION ON FAR EAST

The Secretary of State, Cordell Hull, announced on Sept. 7 that the United States was paying close attention to developments in the Far East, particularly developments following the Japanese request to the British and French to withdraw their naval and military forces from Chinese ports and waters. But there was no confirmation of a report, thought to have originated in British circles, that the United States had notified the Japanese authorities in Tokyo that "it would not tolerate any unilateral changes in the status of the Shanghai foreign settlements." Latest official declaration on that subject was last May when the Secretary of State notified Japan it could not consent to any changes being made in the status of the Shanghai foreign-administered areas until the Sino-Japanese hostilities had been concluded.

"Stationary" Trapeze

Russell in the Los Angeles Times

Of special interest was an order of the Navy Department despatching the U.S. seaplane tender Langley from Pearl Harbor to Manila immediately. In addition it was announced that six modern-type submarines probably would be sent to Manila within the next two months. This order was made several weeks ago, but recently it was stated that the over-age subs in China waters, which the new boats were supposed to replace, would also remain on the China station. The Navy Department also ordered two of its newest and most powerful submarines to the port of Pago Pago in the Samoan

Islands, the purpose being to protect the route from California ports to Australia, New Zealand, Netherlands Indies and Straits Settlements.

According to a report by *United Press* from Washington on Sept. 9 the Navy also planned to send a dozen twin-motored patrol bombers to Manila to serve with the seaplane tender Langley in patrolling the innumerable bays and inlets of the Philippines. These airplanes are of exceedingly long range, having recently accomplished the flight from the mainland to Honolulu. They can fly more than 4,000 miles.

Much of the Army and Navy defense program will be centered on the protection of the Panama Canal, regarded as the nation's most vital ship route. The Secretary of War, Harry Woodring, on Sept. 11, ordered the 18th U.S. Infantry Brigade, with a strength of 2,700 men, to embark for Panama immediately.

The *United Press*, in the course of an article dealing with American preparedness, said that "almost 1,000,000 men could be drafted into the U.S. Army within 90 days, in the event the United States became involved in the European War. The plan was based on census figures showing 41,000,000 males between 18 and 64 years of age, of whom about 26,000,000 are between 18 and 45 years of age, the normal age for military service. In the meantime the Army is intensifying its recruiting to bring its forces up as quickly as possible to the authorized strength of 202,000 men.

Naval preparations also include extensive harbor development works in the Pacific, stretching from Alaska to Guam, which were authorized in the last session of Congress.

NEUTRALITY ENFORCEMENT AT HOME

Aside from the international defense measures necessitated by the outbreak of war in Europe, there is the equally important element of enforcing neutrality at home. The seriousness of the problems involved were indicated in a German *Transocean* message from New York on Sept. 11, stating that it would be necessary for U.S. airplane factories to immediately cease work on extensive orders placed in America by Britain, France, Australia—and the shipment of materials and parts to Canada for manufacture into war planes in that country. It was not without significance that the German news agency was the first to carry a complete detailed report on this subject as Germany stands to gain most from the discontinuance of shipments of planes to the Democracies. According to the German message the large contracts for 700 planes placed with American firms would now have to be cancelled. Of an order for 215 planes placed with the Glenn Martin Aircraft Company by France, only one plane had been delivered. The Lockheed Company will be unable to deliver more than 25 per cent of the planes ordered by Great Britain, and in addition 80 planes which were in process of manufacture for Australia. The North American Aviation Company was likewise prevented from carrying out contracts for the delivery of 80 planes to Britain and 130 for France. Shipment of planes to Europe numbered 100 weekly.

In view of commotion in labor circles caused by expected stoppage of work on these extensive orders for warplanes, it occasioned no surprise that President Roosevelt declared a state of "limited national emergency" on Sept. 8.

WILL ROOSEVELT CALL A SPECIAL SESSION?

While there were reports that President Roosevelt would call a special session of Congress to consider revision of the Neutrality Law, there was no certainty that he would issue such a call immediately. One report stated that he might issue such a call before the end of the present week, the probable date of summoning the representatives and senators back to Washington being Oct. 2, according to a *United Press* forecast.

But the president still will not find unanimity of opinion on this question among senatorial leaders. Senator William E. Borah, independent Republican, declared again his opposition to making any changes either in the arms embargo or the neutrality law. It was stated that President Roosevelt, prior to issuing a formal call for a special session, was sounding out the opinions of opposition leaders. He was particularly desirous of avoiding a long-drawn-out session which might have unexpected domestic political repercussions. Senator Robert Taft, avowed candidate for the Republican nomination for President, announced on Sept. 10 that he favored repeal of the arms embargo act and expressed the opinion that the arms embargo tended to promote war rather than neutrality. Senator Taft's statement was made at Spokane, Washington where he was speaking while making a tour of the Pacific Coast.

President Roosevelt on Sept. 11 cancelled a political speech which he was scheduled to deliver that day before the Women's Bureau of the Democratic National Committee. He said that the present "was no time for partisanship, but for national unity and patriotism."

Organized business, through the United States Chamber of Commerce, inaugurated on Sept. 10 a nation-wide campaign against war-time profiteering. Merchants were urged to exercise "self-discipline" through organized business groups.

Attorney General Frank Murphy urged American citizens to report cases of suspected sabotage and declared that the department's activities against foreign espionage and sabotage agents would be intensified. He declared, however, that there was no intention of establishing censorship over either press or radio. President Roosevelt, on the other hand, had suggested that some form of censorship might be necessary to guard against foreign propaganda as a phase of America's policy of strict neutrality.

Secretary of State Cordell Hull issued (Sept. 7) rules and regulations banning the solicitation and collection of funds in the United States to aid the belligerent nations of Europe—except for humanitarian purposes. He said that the soliciting of funds in the United States might embarass American neutrality. It was stated, however, that the rules exempt the American Red Cross which makes an annual report on its activities to the War Department.

The President ruled (Sept. 8) that short term credits for ordinary commercial transactions on the part of belligerent nations, were permissable without violation of the Neutrality Act. Such credits would also be open to Germany.

The soaring of food prices in New York caused Attorney General Frank Murphy to state that it might be necessary to request the special session of Congress—providing it is called—to enact special legislation to prevent profiteering. Harold Ickes, Secretary of the Interior, also announced that the Government would take steps to prevent the "rape of our national resources" by wartime profiteers. He said that profiteers could do almost as much harm as foreign invaders.

CHINA PART OF ALLIED FRONT

Of special interest in connection with developments in the Far East regarding the European war situation was a declaration from Chungking that China must be regarded as a part of the democratic front line against aggression as she had opposed military aggression and force for more than two years and was continuing her program of resistence with all the strength at her command. A report from Chungking said that China was appealing to the United States for a loan of U.S.$50,000,000 to be used for the construction of highways.

Japanese To Rejuvenate Old Ford Engines for China War

The Owari Automobile Company, Ltd., of Nagoya, Japan, has made extensive plans for reconditioning old Ford engines for use in trucks and cars on the China front. A report in the trade magazine *Nikkan* stated that an arrangement had been made with the Ford Company whereby old Ford engines will be rejuvenated by the addition of new parts manufactured in Japan. Orders for machinery necessary in the work have already been sent to the United States. The machinery will be installed in new buildings which will be ready for occupancy early in October.

Manila Would Serve as Refuge for War-Harassed Far Eastern World

BY WILLIAM E. FISHER

THE fact that Manila is making intensive preparations to receive a large number of Americans and other nationals from China in the event of an emergency is revealed in various activities here. In other words, Manila does not mean to be caught unprepared and if a crisis demands it responsible organizations here and the United States officials will be ready to lend a helping hand. There is evidence that people in Manila are well aware of the seriousness of the possibilities. Although in the light of rather sensational newspaper reports some feel that from this distance conditions may appear to be worse than they really are.

The head of the Philippine Red Cross, Charles R. Forster, it is understood, has recently engaged in conversations with Mr. J. Weldon Jones, the Acting High Commissioner, with regard to the problem. There is little doubt that the initiative in this matter was prompted by indications that there was a fairly good chance that things in Honkgong might call for an evacuation of foreign women and children. It is not known, however, whether steps have been taken at the request of officials in the British colony or whether the action has been purely voluntary on the part of the American authorities here.

The handling of the situation is rather indicative of the general outlook in official and semi-official circles in Manila. In talking with Americans in high positions one gets the impression that they are ready for almost anything and are going about their business with an eye to the future. There is a very imposing absense of anything bordering on alarm and everyone seems to have a pretty good grasp of the Far Eastern situation and its relationship to gathering storm clouds in other parts of the world.

It is somewhat surprising to hear, for instance, that the United States army authorities here have envisioned an emergency for at least one year and have been laying their plans accordingly. These plans are not comprised of a hazy sort of scheme for action when the zero hour demands it, but actually comprise a very comprehensive program touching upon every conceivable phase of activity in the islands. It goes without saying that the intelligence has not been asleep and is thoroughly familiar with all the danger spots and those individuals who might bear watching in case of a crisis.

Generally speaking, the opinion here is that the Philippines are not in danger of becoming directly involved in any situation that is likely to develop in the Far East in the predictable future, but if matters become worse in Hongkong and China from the point of view of foreigners, Manila would automatically be the most popular place of refuge in this part of the world. In an emergency the city could provide facilities for a very large number of people, but it is generally recognized that matters would be much easier if adequate preparation is made in advance. The wave of criticism surrounding the manner in which refugees were handled at Hongkong in 1937 may have something to do with currenty activity here.

It is understood that the Red Cross has already made arrangements for the registration and reception of refugees in a manner which would obviate in so far as possible the confusion that usually surrounds such a task. Furthermore, the question of providing adequate housing has been gone into and the Red Cross is said to be well-informed as to the number of people the city could readily accommodate. The question of medical attention and hospitalization has also been dealt with. If an emergency arises, a committee of ten experts will be appointed by the Acting Commissioner to carry out the administrative duties in connection with providing for the refugees.

In a section of the world today which presents a picture of so much fear and turmoil, the most striking thing about Manila is the relative spirit of calm and confidence which prevails. Except when news is particularly sensational the state of world affairs is not generally stressed in general conversation, although this by no means indicates an ignorance of the real seriousness of the situation. The difference is that Manila, unlike so many other places in the Far East, does not have the "jitters."

At the present time the writer is in the process of completing a trip that has included Indo-China, Siam, Malaya and the Dutch East Indies and this naturally provided an opportunity to learn something of the state of mind prevailing in these countries. In Indo-China the attitude seemed to be one of letting the future take care of itself, rather along the lines of "the situation is hopeless but not serious" idea. In other words, the French were definitely decided not to let the threat of imminent danger interfere with their well-known art of living, to which they devote themselves very avidly and perhaps with some detriment to the colonial administration.

The French in Indo-China also know that they would not be in a very happy position vis-a-vis the native population if they got mixed up outside their colonial borders. In one European crisis last year it was reported that plans were made to concentrate all Europeans close to the military centers to guard against internal trouble and a good many people seemed to think that there was a good reason for this. But the French at least have one thing to be happy about and that is that their next-door neighbor to the south is probably on more friendly terms now than at any time in history. A little give and take on both sides has brought about a sort of diplomatic rapprochement and the Siamese have been high-minded enough to bury their ancient grudges over the fact that in years gone by the French sliced off some of their territory.

The Siamese themselves were busily getting ready for a war of some kind, although they did not seem sure just what they were going to fight. In fact it was surprising to see to what extent world war craziness had swept into this charming little country, but the Siamese know that this time the isolation of other years will not be so effective in keeping them out of trouble. In Bangkok it all seemed to boil down to the fact that the Siamese want to protect their own borders and let it go at that. They definitely do not want to be an unwilling pawn on the Far Eastern chessboard, and in a time when the highest officials could probably have sold favors at a nice profit to the highest bidder it must be admitted that their spoken foreign policy has been a genuinely honest one.

Of all foreign-controlled territory in the Far East, the British colony of Singapore probably shows indications of the greatest activity. For many months there the scale of preparations has been practically on a war-time basis, although an effort is made to conceal the real extent of military activity. Government officials and even a section of the general public have developed

90-095

a sort of "hush-hush" complex. A wall of secrecy surrounds the naval base and all foreigners are kept at a safe distance by official decree. It may be said that although Singapore is glad that the best part of its formidable fortress has been brought to completion there is a distinct feeling of apprehension over the fact that the capital ships for which the base was built have not yet put in an appearance. In the long run, however, this outpost of empire presents a pretty good pictnre of British efficiency under stress, with everybody putting up a good front and lending a hand where necessary.

In the Dutch East Indies there were all the evidences of a country awakened to the real seriousness of the situation. The term awakened is used because up until comparatively recently the government there seemed to be taking the attitude that everything would come out all right in the end if matters were allowed to run their course. In order to understand this attitude of mind, it must be remembered that the Netherlands East Indies is somewhat apart from the main currents of Far Eastern affairs.

Every Netherlander you meet in the Dutch East Indies is a pacifist at heart and not without good reason, for the colony is a prosperous one and insofar as the Europeans are concerned has nothing to worry about if it is allowed to pursue its own course of internal development. In control of so much wealth, the powers that be in this colony are now becoming well aware of the fact that some day they may have to fight to retain their possessions and have somewhat reluctantly decided to spend huge sums of money on a rearmament program. The Hollanders act quickly and efficiently and this is already under way, and, what is more, both civil and military officials willingly discuss the problems that are facing the country.

Manila, August 24, 1939

Earl Browder Headed Reds in China's 1927 Revolution?

The split in the American Communist Party between Stalinists and Trotskyists has resulted in recent disclosures of interest in the Far East. Most of the disclosures have been made in testimony before the Congressional Committee, headed by Representative Martin Dies of Texas, which has been investigating un-American activities.

The latest disclosure (Sept. 10) was by Benjamin Gitlow, former general secretary of the American Communist Party, who alleged that Earl Browder, present secretary of the Communist Party, was the director of the activities of the Communist International in China in 1927. Gitlow also charged that Soviet Russian agents were active in China at that time and operated through bureaux which Browder established. Gitlow said that Browder's connection with the Russian G. P. U. started in China at that time (1927) when he (Browder) was ordered to establish a Pan-Pacific Trade Union Secretariat at Hankow and also to establish a pseudo business concern at Shanghai which was to be used to camouflage Communist activities.

Earlier in the testimony Gitlow had charged that the American Communist Party, up to 1929, had received an annual subsidy from Russia which amounted to U. S. $150,000. Browder, who was elected head of the American Communist Party in 1930, denied the Gitlow charge that the Party received subsidies from abroad. Gitlow himself was expelled from the party in 1929. Gitlow alleged that the Communist Party, prior to 1929, had tried to collect military and industrial secrets in the United States for the benefit of the Communist International. He charged that Party members "would not hesitate to engage in sabotage if such were necessary to insure victory for the Soviet Union."

Earl Browder, present head of the Communist Party in the United States, did spend considerable time in China in the winter of 1927-1928. He was in Hankow at the time the Red-Kuomintang Government (including Wang Ching-wei and Eugene Chen) was in control in that city and later came to Shanghai where he remained in hiding for several weeks. Scott Nearing, who also had been prominent in the American Communist Party, came to China at that time, but broke with the party leaders while here because he said Communist agents here were "living in luxury in utter disregard of widespread distress which prevailed in both China and Russia at that time."

***

Of indirect interest in connection with disclosures concerning the activities of the Communist Party in the United States, was the recent testimony of Alfred Renton Bryant (Harry) Bridges, head of the Pacific Coast Longshoremen's Union, in the hearing on charges that he is an alien Communist. Bridges, who is Australian-born and never took out American citizenship papers, was charged with activities designed to "overturn the American Government by force." The hearing is being conducted before Dean James M. Landis of the Harvard Law School under authority of Madame Secretary of Labor Perkins, at the U. S. Immigration Station at San Francisco. Charges against Bridges were pressed by Pacific Coast shipping proprietors and the conservative American Federation of Labor, which opposed Bridges because of his affiliation with radical groups in American Labor which are connected with the C. I. O., (Committee on Industrial Organization).

According to *Time* (Aug. 14) Bridges testified that he had never been a member of the Communist Party, but on occasion had not hesitated to use the party in connection with the fight for recognition of his longshoremen's union and its strikes in West Coast ports. Bridges declared in the course of his testimony that the Communist Party's teachings were "mostly theory," while he generally dealt with practical matters. When asked whether he believed in the abolition of private property, Bridges said that "we should have a lot more municipal or government ownership than we now have." He said that when the Communists talk about the abolition of private property "they do not mean somebody's two-by-four piece of land, but the big utilities . . . . various heavy industries . . . which should be run by the government . . . but if the government couldn't do a better job of running them . . . . then they should be handed back to private industry again . . . " Bridges declared his belief that 95% of the people were born honest and fair and if treated honest and fair . . . . would return the favor . . . . provided it wasn't some government official that . . . smiled into your face while he had a knife in your ribs . . . ."

***

Leon Trotsky, exiled Russian Communist leader, who has resided in Mexico City for several years, declared on Sept. 6 that the Soviet Union "had taken Japan's place in the Rome-Berlin axis by the signing of the Russo-German anti-aggression pact." Trotsky alleged that the pact amounted to a capitulation by Josef Stalin. "This treaty," in Trotsky's opinion, "had broken the Comintern's backbone . . . . and provoked chaos in the minds of the workers . . . . The Pact was the capitulation of Stalin before Fascist imperialism with the end of preserving the Soviet Oligarchy. . . . . Stalin is, above all, afraid of war. His policy of capitulation towards Japan in recent years testified to this. Stalin cannot make war with discontented workers and a decapitated Red Army." Trotsky then declared (*United Press*) that Russian Kremlin advocates had referred to the Russo-German Pact as having broken the axis, isolating Japan. Trotsky claimed that the help of a distant Mikado to Hitler's military operations in Europe "would have been of an almost illusory character, but on the contrary, the help of M. Stalin has a deep and real value to the Fuehrer."

General Frank McCoy Heads Foreign Policy Association

General Frank Ross McCoy, who served as American member of the Lytton Commission, which investigated the Manchurian situation on behalf of the League of Nations in 1932, has been elected head of the U.S. Foreign Policy Association, according to report from Washington received in Shanghai this week. Gen. McCoy succeeds Raymond Leslie Buell, who also was well-known in the Far East. Under Mr. Buell's direction the organization, probably the most influential of the unofficial groups, became widely known for its reports containing factual information bearing on America's relations with other countries. Mr. Buell resigned on July 1.

Gen. McCoy is a distinguished army officer who, prior to his retirement, enjoyed exceptionally wide experience as a soldier-diplomat, ranking in his field with such figures in the U.S. Navy as Admiral Yarnell, who recently retired from Far East. General McCoy helped to direct the fiscal and budgetary affairs of Cuba shortly after his graduation from West Point. He served on the Wood-Forbes commission which in 1921 reviewed Philippine-American relations. He supervised the Nicaraguan elections prior to the withdrawal of U.S. Marines from that country. He was chairman of the commission which investigated the Chaco dispute in South America in 1929 and in 1932 went to Manchuria, with the Lytton Commission which compiled the famous Lord Lytton report on Manchuria, the facts of which still stand despite the ensuing activities of Imperial Japan as the despoiler of China's northeastern provinces and several others since that time.

90-096

Economic Repercussions in East Asia of the War in Europe

BY JOHN AHLERS

ALL of the Far Eastern countries have been immediately and greatly affected, in various directions, by the outbreak of another Great War in Europe. The first war effects out here are not uniform, and it is still too early for the situation to indicate general lines along which the European War will influence Far Eastern economy on the whole, and in the long run. The question which is of chief interest to Shanghailanders, viz., how will the Old World's conflagration affect China and Japan as well as the war between these two countries, cannot yet be answered definitely. Nevertheless, some early trends of new developments become vaguely discernible. These trends may be roughly summarized as increasing import difficulties and improved export prospects, with the former enhanced and the latter impaired by shortage, and high cost of, shipping and maritime insurance.

Chinese and Japanese imports from Germany are bound to be cut extremely short, and may possibly vanish altogether. The Anglo-French blockade of the German west coast prevents shipments from German ports to the Far East, and all German shipping services on the high seas have been interrupted. There remains a possibility of German exports in transit via Scandinavia, the Netherlands, Belgium, Switzerland, Italy and the Balkan states, but the Allies certainly will take steps to oppose such German exports, and in the case of the smaller of the aforementioned countries probably with early success. A serious German export possibility appears to be only the shipment of German goods via Italian ports in Italian and Japanese ships, and this possibility still has to be explored.

Anyhow, the war in Europe is likely to put German economy under such a strain that Germany will be unable to export many of the items which she used to sell abroad in times of peace. This should apply in particular to machinery, metalware, iron and steel, as well as to many chemicals. In these goods, Germany held a strong share in Far Eastern imports, and a drying-up of this source of supplies will be strongly felt out here. The execution of the Japanese industrialization schemes in Manchuria, carried out largely with German machinery and other supplies, consequently is liable to be further delayed. The war industries of Japan proper also will have to curtail expansion plans insofar as such plans were based upon the expectation of supplies from Germany. In genuine war materials, in the narrower sense, Germany's import share in Japan of late has been but very small, though it continued to be substantial in free China. Germany will hardly be able to export war materials to China now, and even if she did, such material could not be transported to China in transit via British Burma and Hongkong, or French Indo-China.

The United Kingdom and France keep open their maritime trade routes, but British and French industries will be so heavily employed in the production of war and other materials for domestic war consumption that shipments from these countries of many goods regularly imported by Japan and China no longer will be forthcoming, or at least no longer in the former quantities. Many European neutrals, as well as the United States, will find new highly profitable war markets in the belligerent countries, and are likely to neglect exports to the Far East. The start of a war boom in American heavy industries upon the basis of new European war orders, in particular, is bound to become a great handicap to Japan, who secured no less than two-thirds of her foreign war supplies in the United States.

Another new import obstacle in the Far East is the new price situation which results from the recent devaluation of the British pound by almost 15 per cent. The Japanese allowed their yen to join in that devaluation by keeping their currency pegged to the pound at the former rate. The major part of Japanese imports, the yen bloc trade not considered, is derived from countries which have not devaluated their currencies. The

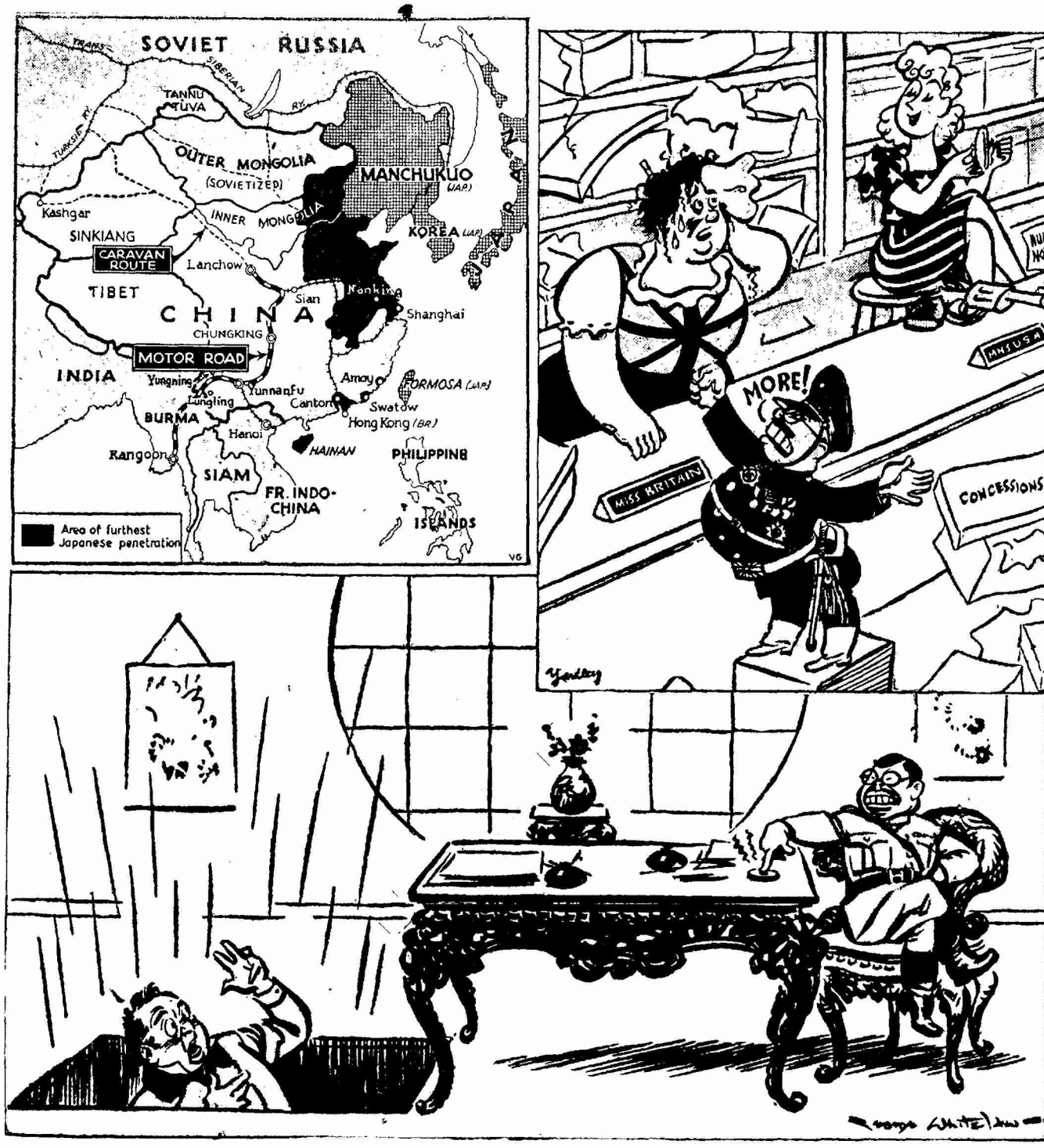
How Much Longer?

Philadelphia Inquirer

United States, inclusive of Hawaii and the Phillippines, account for 48 per cent of Japan's non-yen bloc imports, and for these imports from the U.S.A. Japan at present has to pay, as expressed in yen, almost 20 per cent more than only a month ago. In China, the recent wild fluctuations of the foreign exchange rates for Chinese national currency obscure the picture. Devaluating and non-devaluating countries each share about one-half in the country's imports. The pound, however, even today remains too expensive to permit the continuation or resumption of many imports from the sterling bloc countries, and imports from countries which recently refused to devaluate meet with correspondingly greater obstacles.

The extremely tight exchange situation both in Japan and China has been further tightened by recent currency developments. Money in London no longer is as cheap as it was, and Japanese foreign trade financing via London has become unprecedentedly expensive. Japanese exchange banks which had concluded large domestic forward transactions upon the basis of a London discount

More Difficult to Get Into China—But Easier to Get Out!



The map is from the *New York Times*; the cartoon at the upper right is by Yardley in the *Baltimore Sun*, while the one at the bottom by Whitelaw in the *London Herald* was labeled, "Japan's Open Door policy in China." In the cartoon above showing the two sales girls, Miss Britain is saying to Miss America, (with a pistol before her on the counter), "Some day, dearie, you must show me how to deal with this customer."

rate of two per cent, suffered substantial losses when that rate went up to three per cent and more. China's financial intercourse with the outside world was greatly disturbed by the introduction of foreign exchange control in Hongkong. It remains to be seen whether the Chinese financial interests now centering in that British Crown Colony will not be compelled to emigrate to Manila, and thus to change from British to American protection and facilities.

On the other hand, there are consoling prospects of a stronger world demand for various Far Eastern products. Hopeful prospects for the war business of all the countries east of Suez might be derived, to a certain extent, from the outlook for an at least partial war boom in the United States. The New York Stock Exchange reacted upon the start of the new European War with a sharp advance in stock prices. Shares of industrial enterprises likely to profit from European war orders, in a number of instances, showed gains of above 50 per cent, and in some cases almost 100 per cent. Commodity prices in New York also jumped high, and in the eyes of the U.S. Secretary of Agriculture this rise in prices must look as if it were going to last, since the U.S. export subsidy on wheat was immediately withdrawn.

The United States is the best client of most of the eastern countries, whose business situation and economic development are dependent, to a large extent, upon

economic developments in the U.S.A. Time and again it has been shown that a depression in the U.S.A. results in a depression out here, and that boom conditions in America almost immediately assist in reviving business in the Far East. Apparently there is but little or no fear in American business circles that the application of the Neutrality Law might interfere with wholesale war supplies to France and England.

Chief profiteers from increased European and American demand for Far Eastern raw materials will

Six Months to Think It Over !

ARE YOU SURE YOU DON'T WANT TO CHANGE YOUR TACTICS ?
EMBARGO THREAT
ABROGATION OF TRADE AGREEMENTS IN SIX MONTHS
U.S. WAR SUPPLIES FOR JAPAN
JAPAN
DISREGARD OF U.S. RIGHTS IN THE FAR EAST
S. J. Ray

The Kansas City Star

be the colonial countries in the south, viz., British Malaya, the Netherlands Indies, French Indo-China, and to certain degree also Siam (rubber, tin). China also has a series of raw materials to offer which are likely to be in strong demand, notably wolfram ore, antimony, tin, wood-oil, silk and bristles, hides, skins, the vegetable oils. The present low rate of Chinese national currency, and the rising trend of commodity prices, ought to promote such Chinese exports. There is, however, the great difficulty of getting out of the country more produce and metals than Free China as well as the Japanese-occupied areas manage to export at present. The Japanese, in all probability, will feverishly collect all sorts of export goods in the Yangtsze Valley, under all sorts of compulsion and expropriation, in order to realize foreign exchange from such loot. North China this year appears to be largely out of question as an important export region, in view of the disastrous flood and locust calamities there.

Japan has to offer for export only a single raw material suited, in certain qualities, for war purposes, namely silk. Raw silk of the 20's counts is of importance for the manufacture of parachutes, balloons, as well as in the production of certain other war materials. The Yokokama and Kobe silk markets reacted upon the outbreak of war in Europe as well as upon the pound-yen devaluation with a boom of silk prices which quoted unprecedented highs of above Yen 1,500 per bale. Other war materials produced or manufactured in Japan, however, are urgently required for the continuation of the Nipponese war adventure in China, and cannot be exported unless this war is brought to an end. Japanese war industries at present are employed at maximum capacity to produce the war materials which Japan needs herself, and further expansion of these industries will be delayed by the new Far Eastern import difficulties.

It is the much-neglected Nipponese peace-time industries, and chiefly the textile industries, which entertain high export hopes in connection with the European War. These industries expect that the belligerent countries will have to curtail their textile and other peace-time exports to Far Eastern and other Asiatic markets, and that also a series of neutral countries will prefer to curtail such exports out of preference for selling more profitably to one or another of the belligerents. It is here that the Japanese textile industries hope to step in and to expand strongly in the Malaysian, Indian, African, Australian, and even the Latin American markets. The high level of prices in Japan, which during the last two years so severely impaired Japanese exports, would be partly compensated by a war-dictated general increase in the level of world prices, and would thus largely restore to Japan's textile industries their former competitive capacity abroad. The greatest obstacle to the materialization of these hopes will be the acquisition of additional foreign raw materials, chiefly raw cotton and wood-pulp, for which purpose Japan lacks the necessary foreign exchange. She can hardly expect, of course, that the Anglo-Saxon countries or France, wiser since their experiences with Japanese cut-throat competition since the first Great War, will lend her their money to finance another Nipponese export expansion.

Shipping difficulties are likely to play an important part in the future development of Far Eastern trade under war conditions. Many Far Eastern shipping services have been, at least temporarily, discontinued or heavily curtailed. A substantial portion of the European belligerents' mercantile marine will have to to do auxiliary naval service. Western shipping space in the Far East consequently is short. Freight rates are on the increase all over the world. War risk insurance, wherever obtainable, has to be contracted at sky-rocketing rates, with the German submarine war on. The only

Feet Across the Sea

New York World-Telegram

Far Eastern nation disposing of a large mercantile marine is short of bottom space herself. Of the Japanese mercantile marine, almost one-fourth continues to be employed under the terms of requisition, in military supply service in China waters. Another almost 60 per cent of Japan's merchant vessels are fully engaged in various East Asiatic waters, without being able to relieve the still-increasing congestion of goods in Osaka, Yokohama, Kobe and Dairen. Less than one-fifth of all the bottoms under the Rising Sun flag remains available for inter-continental high sea service, all of this space being almost fully employed. Increased shipbuilding in Japan would meet with the difficulty of securing sufficient construction materials. Thus Japan does not appear to be in a position to relieve, at any rate not immediately or in the near future, the dearth of shipping in this part of the world.

In all of the above circumstances, it appears that the outbreak of war in Europe has resulted out here immediately in the turning-up of a whole set of additional economic difficulties, while prospects of East Asiatic profiting from the European war still seem to lie, as far as China and Japan are concerned, in a more distant future. The situation would be substantially different if it were not for the war continuously going on between Japan and China. Prospects for an early termination of that war by mutual exhaustion of both Far Eastern belligerents, however, have not increased. Although imports of foreign war materials by Japan and China will become more difficult, both have laid in large supplies of such materials as will enable them to continue their armed dispute on its present scale for quite a time to come. Moreover, the gradual curtailment of war imports from abroad should affect the fighting forces of both these countries to approximatety the same extent. Only in a situation in which Japan would be cut off from all foreign war supplies, while China would continue to enjoy at least the supply assistance of Soviet Russia, would Japanese superiority in material armament over the Chinese decline and Chinese prospects of ultimate victory improve.

Speaking of Slaps!

Elderman in the Washington Post

Pan-American Union Meeting to Discuss Attitude to European War

AN event which is expected to have great significance for the attitude of the Americas toward the war in Europe is slated to take place next week when representatives of the Pan-American Union meet in conference at Panama City on Sept. 21 to determine policy with reference to the international crisis. According to dispatches from Washington, Mr. Sumner Welles, Assistant Secretary of State and an outstanding expert on Latin America, will represent the United States.

American policy toward Europe, in its broadest outlines, was laid down in the Declaration of Lima, adopted in December of last year at a conference of the Pan-American Union held in the Peruvian capital. The conference next week, which presumably has been summoned on the initiative of the Washington government, is provided for in the following paragraph of the Lima Declaration; "In order to facilitate consultations provided for by this declaration, the Foreign Ministers of the American republics will, when they judge it necessary, and upon the initiative of one of them, hold meetings in the various American capitals, each Government having the right to designate a delegate to represent its Foreign Minister."

Nazi View of Pan-American Union

Kladderadatsch, Berlin

"What are you doing under my bed?"
"Hush, I want to protect you from a Nazi attack."

The substance of the Declaration of Lima is contained in the following paragraphs:

"The Governments of the American states firstly reaffirm their continental solidarity and their will to collaborate in the maintenance of the principles of solidarity. They are faithful to the principles of recognition of their absolute sovereignty, reaffirming their decision to defend this and maintain it against all foreign intervention or activities.

"In any case where the peace, security or territorial integrity of one of the American republics is menaced, all the States proclaim that it will be a matter of common interest and they voice their determination to render this declaration of solidarity effective in coordinating their respective efforts by proceeding to consultations provided for in conventions already in effect. Methods to be utilized will be decided upon in accordance with the circumstances of the individual cases."

The program of the Panama City conference has not yet been revealed, but press messages from Washington quoted informed quarters as stating that the United States will endeavor to form a "neutrality bloc" with a uniform policy of all the American states with reference to the European war. According to the German *Transocean* agency, the United States will also endeavor to acquire commercial relations which have now been broken between South American and European countries due to the blockade of Germany by Britain and France.

Argentina, Brazil and Chile (the ABC bloc) have already announced their neutrality, and it has been suggested that they are determined to remain neutral even if the United States enters the war. Neutrality declarations have also been made by Mexico, Cuba, the United States and Urugauy, while Nicaragua, Columbia, Venezuela and Costa Rica, on the other hand, have declared their intention to abide by whatever decision is reached at the Panama City conference which meets next week.

It remains to be seen whether, and to what extent, the republics of America will be able to preserve a neutral attitude. Already Germany has accused Britain of violating the neutrality of Brazil by sinking a German freighter in Brazilian territorial waters, while Canada has declared war on Germany. One thing alone is quite clear, namely, the desire of the United States to insure that whatever policy the Washington government pursues now and in the future with reference to the European conflict shall become the common policy of all the states of the Pan-American Union.

Big Question Marks in the European War

SOVIET Russia has become the big question mark in the European war, with Italy running a close second. Officially, the Moscow government has proclaimed an attitude of neutrality, but during the past week there has been feverish military activity within the Soviet borders, following issuance of a decree summoning Red Army reserves to the colors. So extensive are the military preparations that they amount to little short of a general mobilization.

Districts in which the reserves have been called up are the Ukraine, White Russia, Leningrad, Moscow, Kalinin and Orel—in other words the areas which are closest to the scene of the Polish-German war. An official Soviet communique declares the mobilization to be "a consequence of the German-Polish war, which daily is assuming a more extensive and menacing character." In another statement it was explained that the western frontiers were being manned in order to prevent a wholesale influx of defeated Polish troops into Soviet territory and to disarm and intern those who succeeded in crossing the border.

It is interesting to consider what Moscow really means when it speaks of the growingly "menacing character" of the German-Polish war. Can it be that Moscow has little faith in the value of the Soviet-German non-aggression pact once the German Army, after having marched through Poland, stands at the Soviet frontier? Certainly, a horde of defeated and demoralized Polish troops can hardly be considered a menace of such magnitude as to warrant a general Soviet mobilization. The German government has been throwing out broad hints that it will be prepared to conclude an "honorable peace" with Britain and France once the war with Poland has been successfully concluded. Is there not just a possibility that what Hitler has in mind is a deal with the Western "democracies" which would convert the present war into a holy crusade against Bolshevism, thus enabling Germany to acquire colonies at the expense of Russia instead of at the expense of Britain and France?

How receptive the Western powers would be to such a suggestion is a moot question. It is not inconceivable that they would welcome an opportunity of reviving the Four-Power Pact project and thus spare themselves a costly war of which the outcome cannot be foreseen. They might calculate that Germany would in any case emerge so exhausted from a war with Soviet Russia that she would no longer represent a serious challenge. Conservatives in Britain and France have long dreamed of a great European coalition which would be able to liquidate the Russian revolution and there is no reason to believe that they have changed their minds on this score. Stalin is well aware of this and through the recent utterances of his spokesmen has shown that his distrust of the European "democracies" is as lively as ever it was.

When, and if, Hitler's troops reach the Soviet border, the first turning point in the war will have been reached. The Fuehrer will then, presumably, throw all his forces to the Western Front—unless he can persuade Britain and France to call off the war and allow him to continue his drive eastward into the Soviet Ukraine. It is just this latter possibility that Stalin apparently is preparing against. No other explanation of Russian mobilization possesses equal logic.

The slowness with which the war is getting under way on the Western Front, despite the fact that purely technical-military reasons are advanced in explanation, gives strength to the idea that Britain and France, aware that a changed situation may confront them when the German-Polish war is ended, are refraining from committing themselves to too extensive military operations for the present. The war on the Western Front was held to the "contact" stage during the first ten days and only now, we are told, is beginning to enter the stage of engagements. Apart from this, there are occasional air raids by Allied planes on German positions, while naval activity is confined to the sinking of Allied merchant ships by German submarines and counter-actions by the British navy.

While there may be more in all this "slowness" than the official statements suggest, it must be remembered that the British and French governments have publicly

Achilles Heel?

Montreal Gazette

committed themselves to a continuance of the war until Nazism has been destroyed and have stated categorically that they will not consider any peace proposals from Hitler when the war with Poland is over. It is also necessary to remember, however, that equally categorical statements have not prevented changes of policy in the past.

At the moment, the destruction of the Nazi system of government is the avowed war aim of Britain and France. Dr. Edouard Benes, former President of Czechoslovakia, now living in the United States, last week cabled to Prime Minister Neville Chamberlain a message in which he pledged the support of the Czechs to the Anglo-French cause. Mr. Chamberlain replied, gratefully acknowledging this support, *Havas* reported, and declared: "The sufferings of the Czech nation are not forgotten and we look forward to the triumph of the principle for which we have taken up arms to relieve the Czech people of foreign domination."

This seems to make the war all the more idealistic, for Britain is now championing the cause of the Poles, the Germans and the Czechs. But what about the Albanians and the Abyssinians? Don't they rate liberation, or would mention of their sad plight prove too embarrassing to Il Duce, a prospective ally?

Italy is the second big question mark on the current

European scene. For the time being, at any rate, it is to Hitler's advantage that Italy remain neutral rather than enter the war as the ally of Germany, for the ally would have to be substantially assisted. But if the war continues, Italy will have to take sides and the side chosen is not likely to be Germany. If the war should become converted into an anti-Soviet crusade, Italy could become the ally simultaneously of all the parties to the anti-Soviet coalition, with considerable prospective advantages. Since Mussolini, by his frantic last-minute efforts to stave off the war, has acquired something of a reputation as a "peacemaker," it is not unlikely that he might play a major role in the conversion of the present war into an anti-Soviet crusade.

Meanwhile, the German-Polish war is still far from being concluded. Danzig and the Polish Corridor are entirely in German hands and the German army has advanced far into the interior of Poland. All the most important industrial centers of Poland are in German hands. The fall of Warsaw was announced by the Germans prematurely this week, but its fall seems certain within a few days. The Poles are putting up a fierce rearguard resistance, but are constantly falling back before the onslaughts of Hitler's mighty war machine. Direct Anglo-French assistance to Poland seems to be non-existent, while the Allied diversion on the Western Front has not been able to affect the German advance into Poland. The Moscow newspaper *Pravda* summed up the military situation this week when it wrote:

"Despite the preservation of still considerable Polish units which withdrew beyond the Vistula, the Polish command will hardly be able to offer a serious resistance, since it has lost almost its entire military and economic base."

The Tide of Jewish Refugees

6. Proposals for Settling the Wanderers

BY JULIUS RUDOLPH

SEVERAL governments already have examined proposals to settle the European political and religious refugee problem. England was said some months ago to have studied possibilities of opening British Guiana, the tropical colony in South America. The United States, which in a very magnanimous manner accepted many thousands of fugitives, was said to have studied a proposal with reference to a settlement in Alaska. It seems that serious consideration was given to this idea, but it was never realized.

France, a year ago, was said to be interested in settling a few thousand refugees in Madagascar, the vast island she possesses near the East African coast. Later on, French political quarters made it clear that the idea was refused by the government.

In the meantime, the situation of the victims of National Socialism as well as of Italian Fascism became still worse. Some years ago several South and Central American States were willing to open their doors but during the last 18 months those chances too were canceled. Still worse was the fact that sometimes real and genuine visas granted by consulates of South American States were canceled although very often the refugees already were traveling to their new "home." In most cases it happened that these travelers did not get permission to land and even captains of German steamers were obliged to look out for new ports of refuge for their passengers. It was but in May that 900 German refugees arrived in the harbor of Havana aboard the German liner *St. Louis* asking the authorities for permission to land. These 900, too, had tried to reach countries the consulates of which had granted visas.

One of the most interesting ideas proposed during the last months was that published in May with reference to a settlement in the Philippine Islands. The start was made by a speech of Mr. Hilarion Hilayan, Director of Plant Industry, one of the best-known leaders in the islands' development. In his speech Mr. Hilayan made it clear that there are not enough people in all of the Philippine Islands to fill even one half of Mindanao, the southernmost island of the Philippines, and a week after Mr. Hilayan's address President Quezon announced that the government favored the settlement of 10,000 refugees on the above-mentioned island.

A new proposal with regard to the settlement of refugees was published by the Dominican Republic at the end of May, 1939. The authorities of this island were said to be bringing to completion a plan whereby up to 100,000 persons could be settled in the undeveloped agricultural regions of St. Dominica. The Dominican Republic is a small state. Newspapers which published the settlement plan emphasized that the country has approximately the size of Portugal, but unfortunately this was a mistake. The whole island divided between the two republics of Haiti and St. Domingo, has a size of 29,360 square miles, 13,600 square miles of which form the Dominican Republic, while Portugal has 34,400 square miles.

But the island is fertile, warm and rather dry, though the climate certainly is a tropical one. The Republic authorities are said to have the intention of providing free farmlands to settlers if they will agree to engage in agriculture; they are said to offer a stable market for the refugees' products, to help them by offering living accommodations for the first period and by providing farm implements and advisers.

This plan, however, is still to be discussed and its realization is not expected soon. Dominica, of course will be unable to settle at once the 100,000 persons she is said to be willing to accept.

It seems indeed rather ridiculous that small countries like Dominica should be able to absorb up to 100,000 persons while larger countries are said to be unable to do so.

A proposal published in Czechoslovakia offered a constructive solution to the refugee problem. Unfortunately, the program was published during the September, 1938 crisis, and it may be that the copies which were sent to Geneva and London never reached their destinations. The proposal was the result of long conversations between several persons of different beliefs, and most of them have now lost their liberty since the occupation of the former Czech republic. Since the refugees' situation is still the same today as it was in 1938, the mentioned proposal has yet some interest.

It started from the premise that only a productive method could offer a productive solution and that no great problem has ever been solved by pettifogging. The earth, according to the authors' proposal, still offers space for millions of persons who are homeless; vast territories are empty, but wealthy men have spent millions of dollars on the refugee problem without offering the refugees a permanent new life. These men, so the writers said, could have invested their money in a productive way and at the same time have accomplished some lasting good for the refugees.

One of the great powers owning uninhabited territory, the plan states, should lease the land to a Settlement Company. The Company would become the owner of gas, electricity, and other utility monopolies for a period of years and have the right to lease plots of ground for 99 years. The Company, however, should agree to offer loans to all those able to start new industries or agricultural enterprises; the Company should also supply technical instructors and such aid as is necessary to new farmers and breeders. The territory would remain absolutely under the legislation of the leasing state. The Company would only be the general lessee, banker and administrator of the territory.

At first, the Company would open the territory to only a small number of persons : workmen, masons, some farmers, physicians, dentists, teachers, land surveyors, etc., altogether only a few hundred people who during the first weeks would prepare the land for the immigrants who would follow.

The Company would have the right to advise would-be immigrants, but not to refuse entrance to anybody. The managers might refuse to grant credits but could not exclude anyone (criminals excepted) from the right to work. The immigration system would be the same as that used in the United States, the only difference being that the Company would grant credits and sell some commodities. The Company would grant no charity; it would be a business enterprise on a social basis.

Immigration would be free, but limited to the one territory. Entrance into that territory would not mean free entrance into any other part of the country. In order to prevent this, the state would issue "Identity Cards" and "Work Cards" (much like the "cartes de travail" in France) to all inhabitants of the country. The residents in the territory would receive cards of another color. Persons holding a territory card would not be permitted to work in the country proper, and vice versa. Travelers would be granted permission to cross the border between the territory and the country, but would not be allowed to accept any position outside of their own district.

The territory would remain a part of the state also with reference to trade. There would be no customs duties for goods entering the territory from other areas of that country, and no duties for goods entering those areas from the territory. The territory could never become a "state within a state." If the state in question owned arable islands where the experiment could be started, the task of carrying out the plan would be still easier. In any case the plan offers the following advantages :

1. The plan could be carried out at the same time in different places by different companies.
2. It would offer settlement possibilites for at least 100,000 persons in only one of the leased territories within one or two years.
3. The financiers who, up to now, have donated charity gifts to the refugees would receive a definite return on their investments.
4. The shares of the settlement company could be offered to everybody, offering safe investment to small stockholders.
5. Workers in the country would not be afraid of undue competition.
6. The country would gain 100,000 customers who, at the same time, would produce goods which the country would otherwise have to import.

It has been said that the settlers would become competitors of the people already living in the country, offering farm products and manufactured articles for sale. It is true that new customers would mean new competitors, but the theory of national capitalist economy is based on free competition. Either the state in question is an adherent of free economy or it is one of regulated economy like Germany, Italy, and Russia. In the first case, the state must accept the competition as well as the increase in national production; in the second case, it would be forced to regulate the production of the territory as well as of the whole state's economy. It is clear, the authors of the plan explained, that the realization of this proposal would result in increased income for the state and for the inhabitants for it offers an increase in production, consumption, and consumers; it offers settlements erected by foreign capital, and it would bring profits to the shareholders.

The plan as above outlined has never been officially published. Although somewhat revolutionary in nature, it is necessary to change the whole attitude of the world toward the refugee question before a solution can be found. At any rate, the plan offers more possibilities than immigration into countries which accept only a small quota of refugees. To enter the United States, for example, the refugee must wait for a couple of years in Shanghai or Havana or some similar city. While indulging in fruitless waiting, he must spend what money he has and be unable, when entrance is finally granted, to start any business on his own capital. No state is interested in opening its doors to beggars, but those who might become beggars tomorrow could be made into productive members of society if the states who own sparsely settled territories would change their conservative opinions.

Is This the Promised Land?

Rodger in The Glasgow Record

It has been proposed to send German refugees to British Guiana.

It has been said that the United States has accepted thousands of refugees, even granting extra-quota entrance permits for special refugees. Some writers, however, have disagreed with this statement. One of them, Mr. Henry H. Todd, published a very instructive article in the *Manchester Guardian* in May, 1939, stating that although the United States allowed more than 27,000 Germans and Austrians to enter the country, this record did not imply that all that could have been done had been done.

Mr. Todd admitted that America has granted entrance to more refugees than any other nation, but he also stated that under the regulations of the 1924 quota law, the United States is prepared to admit 153,774 quota aliens each year. In addition to this, the United States is prepared to admit an unspecified number of non-quota aliens such as professors, students, religious

ministers, and inhabitants of Canada, Mexico, and Central America.

The writer proved that during the four-year period of 1934 to 1938 a total of 150,999 immigrants had been admitted, a figure which is less than the quota allowance of a single year. "Striking as this picture is," wrote Mr. Todd, "it becomes even more so if the number of emigrants from the United States is considered." According to the annual report of the Secretary of Labor during the period of 1934 to 1938, 166,368 persons "left the country for permanent residence abroad." Thus, during four years, 150,999 persons entered the States while 166,368 left them.

"The United States," he continued, "far from being overrun by aliens, have decreased their alien population by more than 15,000 in the last five years, due to emigration alone."

The regulation of immigrants permits free entrance to inhabitants of Central and South America. This fact, Mr. Todd contends, proves that the whole question was not regulated from the point of view of protection of the labor market.

The writer proved by exact figures that, not counting those who left the States during the years mentioned, the deficit in immigrants from Germany, Austria, and Czechoslovakia for the last eight years amounted to 174,739. According to the American immigration laws each year forms an entity, and no adding-up is permitted. Were this regulation cancelled, more than 174,000 refugees from Greater Germany and Slovakia could be admitted at once.

We do not wish to pass judgment on Mr. Todd's analysis of the quota system, but merely to point out that the United States has not admitted the number of refugees they were prepared to admit when the law was passed in 1924.

There are, in fact, several proposals to utilize the funds of the various Committees in a more productive manner than at present, by paying large sums to all those in need. Doubtless the committees would agree to expend the same sums on those who would be allowed to enter the United States or Australia, and it is quite certain that large sums would be at the disposal of settlement companies which would be able to settle persons in one or more of the at present large sparsely-peopled territories.

Up to now the plan of Mr. Hilarion S. Hilayan seems to be the most interesting. In any case, it is the clearest and also it is not a special plan for the settlement of refugees, but a plan for organized common land settlement. It offers all facilities to those who are really able to fulfill the conditions. The plan may be distinguished from others because it contains several important features never embodied in the past schemes of colonization work.

Another plan was published in the summer of 1939 by Mr. Jacob Berglas with reference to the proposed settlement of a 100,000 European refugees in China's Yunnan Province. In an article by John Ahlers, published in *The China Weekly Review* of July 22, 1939, it was made clear that Yunnan is the most backward province of China and that many difficulties may arise from that plan. As a matter of fact, for the passages and the sheltering of a 100,000 persons in Yunnan, at least £10,000,000 would be necessary, while on the other hand the securities offered to the new settlers seem to be rather modest. Mr. Berglas visited the United States in August, 1939 and so far as the writer was informed, tried to influence American citizens to cancel affidavits and to grant a part of the affidavit guarantee sums for the realization of the Yunnan plan and for the settlement of those for whom the affidavits had been issued.

If American citizens, by utilizing existing affidavits, wish to help the victims of German National Socialism, the new Alaska plan may be more interesting for them and also for the refugees. The idea to open Alaska to immigrants, already came up a long time ago, but it was not before August 1939 that a draft bill was prepared by the Department of Interior and up to the time of writing the fate of that bill is still unknown.

Yet another plan came to light recently when Representative Hamilton Fish, Democratic Congressman for New York, proposed a broad scheme for the settlement of Jewish refugees in Equatorial Africa in the region of Lake Chad. Representative Fish was recently in Europe and was said to have discussed the plan with the French Government. Now that France is at war with Germany, it is not likely that anything will be done.

It is easy to draw up an accounting of the money now being spent. Not taking into consideration the high sums disbursed by the committees in Paris, Switzerland, Holland and Belgium, but only taking into account the cities of London and Shanghai, it has been shown that the 20,000 refugees living in Shanghai cost at least U.S.$1,000 per day. The committee in London grants subsidies from 20 to 30 shillings a week to any refugee in need. For only 3,000 persons waiting for visas for two years, the subsidy amounts to more than U.S.$2,000,000. The two committees together thus spend approximately U.S.$2,720,000 in two years. That would be more than enough capital for two of the above-mentioned settlement companies, but this sum does not represent more than a quarter of all sums which have been spent in the past three years without any permanent solution being found.

Territories suitable for Settlements could be found in Africa, Australia, South America, Canada, Alaska, the Philippines and South China. Even in densely populated Europe, some territories are practically empty. While in Belgium 257 persons live in one square kilometer of land and in Holland 220 persons, the figure for Sweden is 15, for Norway 9, and for Finland 8.5. These figures prove that a solution of the refugee problem is not being held up for lack of space.

Millions of dlloars have been spent to send the refugees to Shanghai, to Cuba or to other places where work is scarce. There is no doubt but that one-half of this sum would have been more than sufficient to start a productive solution of the whole problem which, after all, is not only a Jewish one. Nor is the refugee problem a question of charity. It has become a polit cal and economic question. No better proof of the chaotic and helpless manner in which it is now being handled exists than the sending of thousands to the already overcrowded city of Shanghai.

The End

Tokyo Aroused by British Halting Merchant Ships

A sensation was caused in Tokyo Sept. 12 following the revelation that Japanese merchant ships were often challenged by British destroyers in China waters, according to a *Domei* report. The latest case was reported by the skipper of the Ryuun Maru, 6,450 tons, a freighter owned by the Hisatomi Company, which made port at Wakamatsu, Kagawa Prefecture Monday afternoon from Malaya with a cargo of iron ore, the agency said. The vessel was challenged by a British destroyer about 60 miles south of Formosa at about 7 o'clock in the morning of Sept. 6. With guns trained on the Japanese vessel the British destroyer approached so close that the skipper of the Ryuun Maru feared a collision. When identification was established the British destroyer sailed away toward Hongkong. Mr. Kotaro Koga, captain of the Ryuun Maru, urged the Government to take adequate measures to protect Japanese vessels. He said he had often been told by other skippers that Japanese vessels were challenged by British men-of-war of the China squadron but this was the first time he had actually seen an instance of it.

United States Neutrality

President's Proclamation & Passport Rules

Editor's Note:—For the information and guidance of our readers and others who may be affected thereby, The China Weekly Review publishes herewith the text of the Proclamation of American Neutrality issued by President Franklin D. Roosevelt on Sept. 5, 1939 following the outbreak of the war in Europe, together with the new Passport and Travel Regulations for American citizens as issued by the State Department in Washington.

A PROCLAMATION

"Whereas a state of war unhappily exists between Germany and France; Poland; and the United Kindogm, India, Australia, and New Zealand;

"And whereas the United States is on terms of friendship and amity with the contending powers and with the persons inhabiting their several dominions;

"And whereas there are nationals of the United States residing within the territories or dominions of each of the said belligerents and carrying on commerce, trade, or other business or pursuits therein;

"And whereas there are nationals of each of the said belligerents residing within the territory or jurisdiction of the United States and carrying on commerce, trade, or other business or pursuits therein;

Duty of Neutrality

"And whereas the laws and treaties of the United States, without interfering with the free expression of opinion and sympathy, nevertheless impose upon all persons who may be within their territory and jurisdiction the duty of an impartial neutrality during the existence of the contest;

"And whereas it is the duty of a neutral government not to permit or suffer the makings of its territory or territorial waters subservient to the purposes of war;

"Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, in order to preserve the neutrality of the United States and of its citizens and of persons within its territory and jurisdiction, and to enforce its laws and treaties, and in order that persons, being warned of the general tenor of the laws and treaties of the United States in this behalf, and of the law of nations, may thus be prevented from any violation of the same, do hereby declare and proclaim that by certain provisions of the Act approved on the fourth day of March in nineteen hundred and nine, commonly known as the 'Penal Code of the United States', and of the Act approved on the fifteenth day of June in nineteen hundred and seventeen, the following acts are forbidden to be done under severe penalties within the territory and jurisdiction of the United States to wit:

Acts That Are Forbidden

"(1) Accepting and exercising a commission to serve one of the said belligerents by land or by sea against an opposing belligerent.

"(2) Enlisting or entering into the service of a belligerent as a soldier or as a marine or seaman on board of any ship of war, letter of marque, or privateer.

"(3) Hiring or retaining another person to enlist of enter himself in the service of a belligerent as a soldier or as a marine or seaman on board of any ship of war, letter of marque, or privateer.

"(4) Hiring another person to go beyond the limits of jurisdiction of the United States with intent to be enlisted as aforesaid.

"(5) Hiring another person to go beyond the limits or jurisdiction of the United States with intent to be entered into service as aforesaid.

"(6) Retaining another person to go beyond the limits of jurisdiction of the United States to be enlisted as aforesaid.

"(7) Retaining another person to go beyond the limits of jurisdiction of the United States with intent to be entered into service as aforesaid. (But the said Act of the fourth day of March A.D., 1909, as amended by the Act of the fifteenth day of June A.D., 1917 is not to be construed to extend to a citizen or subject of a belligerent who, being transiently within the jurisdiction of the United States, shall be on board of any ship of war which at the time of its arrival within the jurisdiction of the United States was fitted and equipped as such ship, or citizen of the same belligerent who is transiently within the jurisdiction of the United States, to enlist or enter himself to serve such belligerent on board such ship of war if the United States shall then be at peace with such belligerent).

Arming of Ships

"(8) Fitting out and arming, or accepting to fit out and arm, or procuring to be fitted out and armed, or knowingly being concerned in the furnishing, fitting out, or arming of any ship or vessel with intent that such ship or vessel shall be employed in the services of one of the said belligerents to cruise or commit hostilities against the subjects, citizens, or property of an opposing belligerent.

"(9) Issuing or delivering a commission within the territory or jurisdiction of the United States for any ship or vessel to the intent that she may be employed as aforesaid.

"(10) Increasing or augmenting, or procuring to be increased or augmented, or knowingly being concerned in increasing or augmenting the force of any ship or war cruiser or other armed vessel, which at the time of her arrival within the jurisdiction of the United States was a ship of war, cruiser, or armed vessel in the service of a belligerent or belonging to a national thereof, by adding to the number of guns of such vessel, or by changing those on board of her for guns of a larger caliber, or by the addition thereto of any equipment solely applicable to war.

"(11) Knowingly beginning or setting on foot or providing or preparing a means for or furnishing the money for or taking part in any military or naval expedition or enterprise to be carried on from the territory or jurisdiction of the United States against the territory or dominion of a belligerent.

"(12) Despatching from the United States, or any place subject to the jurisdiction thereof, any vessel, domestic or foreign, which is about to carry to a warship, tender or supply ship of a belligerent fuel, arms, ammunition, men, supplies, despatches, or information shipped or received on board within the jurisdiction of the United States.

Dispatching of Armed Vessels

"(13) Despatching from the United States or any place subject to the jurisdiction thereof any armed vessel owned wholly or in part by American citizens, or any vessel, domestic or foreign, (other than one which has entered the jurisdiction of the United States as a public

vessel) which is manifestly built for warfare purposes or has been converted or adapted from a private vessel to one suitable for warfare use and which is to be employed to cruise against or commit or attempt to commit hostilities upon the subjects, citizens, or property of a belligerent nation, or which will be sold or delivered to a belligerent nation or to an agent, officer, or citizen thereof within the jurisdiction of the United States or, having left that jurisdiction, upon the high seas.

"(14) Despatching from the United States or any place subject to the jurisdiction thereof any vessel built, armed, or equipped as a ship of war or converted from a private vessel into a ship of war (other than one which has entered the jurisdiction of the United States as a public vessel) with any intention under any agreement or contract written or oral that such vessel shall be delivered to a belligerent nation or to any agent, officer, or citizen of such nation, or where there is reasonable cause to believe that the said vessel shall or will be employed in the service of such belligerent nation after its departure from the jurisdiction of the United States.

"(15) Taking or attempting or conspiring to take or authorizing the taking of any vessel out of port or from the jurisdiction of the United States in violation of the said Act of the fifteenth day of June, A.D., 1917, as set forth in the preceding paragraphs numbered eleven to fourteen inclusive.

"(16) Leaving or attempting to leave the jurisdiction of the United States by a person belonging to the armed land or naval forces of a belligerent who shall have been interned within the jurisdiction of the United States in accordance with the law of nations, or leaving or attempting to leave the limits of internment in which freedom of movement has been allowed without permission from the proper official of the United States in charge, or wilfully overstaying a leave of absence granted by such official.

"(17) Aiding or enticing any interned person to escape or attempt to escape from the jurisdiction of the United States or from the limits of internment prescribed.

Unfriendly and Offensive Acts

"And I do hereby further declare and proclaim that any frequenting and use of the waters within the territorial jurisdiction of the United States by the vessels of a belligerent, whether public ships or privateers, for the purpose of preparing for hostile operations, or as posts of observation upon the ships of war or privateers or merchant vessels of an opposing belligerent, must be regarded as unfriendly and offensive and in violation of that neutrality which it is the determination of this Government to observe; and to the end that the hazard and inconvenience of such apprehended practices may be avoided, I further proclaim and declare that from and after the fifth day of September instant, and so long as this proclamation shall be in effect, no ship of war or privateer of any belligerent shall be permitted to make use of any port, harbor, roadstead, or waters subject to the jurisdiction of the United States as a station or place of resort for any warlike purpose or for the purpose of obtaining warlike equipment; no privateer of a belligerent shall be permitted to depart from any port, harbor, roadstead, or waters subject to the jurisdiction of the United States; and no ship of war of a belligerent shall be permitted to sail out of or leave any port, harbor, roadstead, or waters subject to the jurisdiction of the United States from which a vessel of an opposing belligerent (whether the same shall be a ship of war or a merchant ship) shall have previously departed until after the expiration of at least twenty-four hours from the departure of such last mentioned vessel beyond the jurisdiction of the United States.

Twenty-Four Hour Rule

"If any ship of war of a belligerent shall, after the time this notification takes effect, be found in or shall enter any port, harbor, roadstead, or waters subject to the jurisdiction of the United States, such vessel shall not be permitted to remain in such port, harbor, roadstead, or waters more than twenty-four hours except in case of stress of weather or for delay in receiving supplies or repairs or when detained by the United States; in any of which cases the authorities of the port or of the nearest port (as the case may be) shall require her to put to sea as soon as the cause of the delay is at an end, unless within the preceding twenty-four hours a vessel, whether ship of war or merchant ship of an opposing belligerent, shall have departed therefrom, in which case the time limited for the departure of such ship of war shall be extended so far as may be necessary to secure an interval of not less than twenty-four hours between such departure and that of any ship of war or merchant ship of an opposing belligerent which may have previously quit the same port, harbor, roadstead, or waters.

"Vessels used exclusively for scientific, religious, or philanthropic purposes are exempted from the foregoing provisions as to the length of time ships of war may remain in the ports, harbors, roadsteads, or waters subject to the jurisdiction of the United States.

"The minimum number of ships of war belonging to a belligerent and its allies which may be in one of the ports, harbors, or roadsteads subject to the jurisdiction of the United States simultaneously shall be three.

Order of Precedence

"When ships of war of opposing belligerents are present simultaneously in the same port, harbor, roadstead, or waters subject to the jurisdiction of the United States, the one entering first shall depart first, unless she is in such condition as to warrant extension of her stay. In any case, the ship which arrived later has the right to notify the other through the competent local authority that within twenty-four hours she will leave such port, harbor, roadstead, or waters, the one first entering however, having the right to depart within that time. If the one first entering leaves, the notifying ship must observe the prescribed interval of twenty-four hours. If a delay beyond twenty-four hours from the time of arrival is granted, the termination of the cause of delay will be considered the time of arrival in deciding the right of priority in departing.

"Vessels of a belligerent shall not be permitted to depart successively from any port, harbor, roadstead, or waters subject to the jurisdiction of the United States at such intervals as will delay the departure of a ship of war of any opposing belligerent from such ports, harbors, roadsteads, or waters for more than twenty-four hours beyond her desired time of sailing. If, however, the departure of several ships of war and merchant ships of opposing belligerents from the same port, harbor, roadstead, or waters is involved, the order of their departure therefrom shall be so arranged as to afford the opportunity of leaving alternately to the vessels of the opposing belligerents and to cause the least detention consistent with the objects of this proclamation.

"All belligerent vessels shall refrain from use of their radio and signal apparatus while in the harbors, ports, roadsteads, or waters subject to the jurisdiction of the United States, except for calls of distress and communications connected with safe navigation or arrangements for the arrival of the vessel within or departure from such harbors, ports, roadsteads, or waters or passage through such waters; provided that such communication will not be of direct material aid to the belligerent in the conduct of military operations against an opposing belligerent. The radio of belligerent merchant vessels may be sealed by the authorities of the United States, and such seals shall not be broken within the jurisdiction of the United States except by proper authority of the United States.

Bar Supplies to Warships

"No ship of war of a belligerent shall be permitted, while in any port, harbor, roadstead, or waters subject to the jurisdiction of the United States, to take in any supplies except provisions and such other things as may be requisite for the subsistence of her crew in amounts necessary to bring such supplies to her peace standing, and except such fuel, lubricants, and feed water only as may be sufficient, with that already on board, to carry such vessel, if without any sail power, to the nearest port of her own country; or in case a vessel is rigged to go under sail and may also be propelled by machinery, then half the quantity of fuel, lubricants, and feed water which she would be entitled to have on board, if dependent upon propelling machinery alone, and no fuel, lubricants, or feed water shall be again supplied to any such ship of war in the same or any other port, harbor, roadstead, or waters subject to the jurisdiction of the United States until after the expiration of three months from the time when such fuel, lubricants, and feed water may have been last supplied to her within waters subject to the jurisdiction of the United States. The amounts of fuel, lubricants, and feed water allowable under the above provisions shall be based on the economical speed of the vessel plus an allowance of thirty per centum for eventualities.

"No ship of war of a belligerent shall be permitted, while in any port, harbor, roadstead, or waters subject to the jurisdiction of the United States, to make repairs beyond those that are essential to render the vessel seaworthy and which in no degree constitute an increase in her military strength. Repairs shall be made without delay. Damages which are found to have been produced by the enemy's fire shall in no case be repaired.

No Repairs or Fuel

"No ship of war of a belligerent shall effect repairs or receive fuel, lubricants, feed water, or provisions within the jurisdiction of the United States without written authorization of the proper authorities of the United States. Before such authorization will be issued, the commander of the vessel shall furnish to such authorities a written declaration duly signed by such commander stating the date, port, and amounts of supplies last received in the jurisdiction of the United States, the amounts of fuel, lubricants, feed water, and provisions on board, the port to which the vessel is proceeding, the economical speed of the vessel, the rate of consumption of fuel, lubricants, and feed water at such speed, and the amount of each class of supplies desired. If repairs are desired a similar declaration shall be furnished stating the cause of the damage and the nature of the repairs. In either case a certificate shall be included to the effect that the desired services are in accord with the rules of the United States in that behalf.

"No agency of the United States Government shall directly or indirectly provide supplies or effect repairs to a belligerent ship of war.

"No vessel of a belligerent shall exercise the right of search within the waters under the jurisdiction of the United States, nor shall prizes be taken by belligerent vessels within such waters. Subject to any applicable treaty provisions in force, prizes captured by belligerent vessels shall not enter any port, harbor, roadstead, or waters under the jurisdiction of the United States except in case of unseaworthiness, stress of weather, or want of fuel or provisions; when the cause has disappeared, the prize must leave immediately, and if a prize captured by a belligerent vessel enters any port, harbor, roadstead, or waters subject to the jurisdiction of the United States for any other reason than on account of unseaworthiness, stress of weather, or want of fuel or provisions, or fails to leave as soon as the circumstances which justified the entrance are at an end, the prize, with its officers and crew, will be released, and the prize crew will be interned. A belligerent prize court can not be set up on territory subject to the jurisdiction of the United States or on a vessel in the ports, harbors, roadsteads, or waters subject to the jurisdiction of the United States.

"The provisions of this proclamation pertaining to ships of war shall apply equally to any vessel operating under public control for hostile or military purposes.

Strict, Impartial Neutrality

"And I do further declare and proclaim that the statutes and the treaties of the United States and the law of nations alike require that no person within the territory and jurisdiction of the United States shall take part directly or indirectly in the said war, but shall remain at peace with all of the said belligerents and shall maintain a strict and impartial neutrality.

"And I do further declare and proclaim that the provisions of this proclamation shall apply to the Canal Zone except insofar as such provisions may be specifically modified by a proclamation or proclamations issued for the Canal Zone.

"And I do hereby enjoin all nationals of the United States and all persons residing or being within the territory or jurisdiction of the United States to observe the laws thereof and to commit no act contrary to the provisions of the said statutes or treaties or in violation of the law of nations in that behalf.

"And I do hereby give notice that all nationals of the United States and others who may claim the protection of this Government who may misconduct themselves in the premises will do so at their peril and that they can in no wise obtain any protection from the Government of the United States against the consequences of their misconduct.

"This proclamation shall continue in full force and effect unless and until modified, revoked, or otherwise terminated pursuant to law.

"IN WITNESS WHEREOF, I have hereto set my hand and caused the seal of the United States to be affixed.

"Done at the City of Washington this fifth day of September in the year of our Lord nineteen hundred and thirty nine, and of the Independence of the United States of America, the one hundred and sixty-fourth."

NEUTRALITY REGULATIONS

Enforcement of Neutrality. The President early this afternoon issued the following Executive Order prescribing regulations governing the enforcement of the neutrality of the United States:

"Whereas under the treaties of the United States and the law of nations it is the duty of the United States in any war in which the United States is a neutral not to permit the commission of unneutral acts within the jurisdiction of the United States; and whereas a proclamation was issued by me on the fifth day of September declaring the neutrality of the United States of America in the war now existing between Germany and France; Poland; and the United Kingdom, India, Australia, and New Zealand;

"Now, therefore, in order to make more effective the enforcement of the provisions of said treaties, law of nations, and proclamations, I hereby prescribe that during said war the departments and independent offices and independent officers and establishments of the United States Government shall have the following duties to perform in enforcing the neutrality of the United States, which duties shall be in addition to the duties now prescribed or hereafter prescribed by law or by other Executive Orders of regulations not in conflict herewith for the departments and independent officers and establishments of the United States Government: (1) *War Department*: Enforcement of the neutrality of the United States as prescribed in the above mentioned proclamation so far as concerns the military land forces

of neutral and belligerent powers; except as provided in paragraphs numbered 2 B and 4 hereof.

"(2) *Navy Department:* Enforcement of the neutrality of the United States as prescribed in the above mentioned proclamation, (A) so far as concerns vessels of the naval establishments of neutral and belligerent powers and other vessels operating for hostile or military purposes except as provided in paragraph numbered 4 hereof; (B) enforcement of the neutrality of the United States as prescribed in said proclamation in outlying possessions subject to the inclusive jurisdiction of the Navy Department; (C) in the Philippine Islands enforcement of the neutrality of the United States as respects all vessels as prescribed in said proclamation with the special cooperation of the Department of State and the Department of the Interior.

"(3) *Treasury Department and Commerce Department:* (Under such further division of responsibility as the Secretary of the Treasury and the Secretary of Commerce may mutually agree upon). Enforcement of the neutrality of the United States as prescribed in the above mentioned proclamation so far as concerns all vessels except those referred to in paragraph numbered 2 hereof with the special cooperation of the Department of the Interior in the territories and outlying possessions where the Treasury Department and the Commerce Department are required by law to carry out their respective functions and except in the Philippine Islands, the Canal Zone, and the outlying possessions subject to the exclusive jurisdiction of the Navy Department.

"(4) *Governor of the Panama Canal:* Enforcement within the Canal Zone of the neutrality of the United States as prescribed in the above mentioned proclamation and administrative action in connection therewith. The military and naval forces stationed in the Canal Zone shall give him such assistance for this purpose as he may request. If an officer of the Army shall be desingated to assume authority and jurisdiction over the operation of the Panama Canal as provided in Section VIII of Title 2 of the Canal Zone Code, such officer of the Army shall thereafter have the duties above assigned to the Governor of the Panama Canal.

"(5) *Department of Justice:* Enforcement of the neutrality of the United States as prescribed in the above mentioned proclamation not especially delegated to other departments, independent offices and establishments of the United States Government, and prosecution of violations of the neutrality of the United States.

"(6) All departments and independent offices and establishments of the United States Government's enforcement of neutrality in connection with their own activities, furnishing information to and assisting all other departments and independent offices and establishments of the United States Government in connection with the duties herein assigned; and issuing rules and regulations necessary for carrying out the duties herein assigned."

ARMS EMBARGO

The President, on Sept. 5, also invoked the provisions of the Neutrality Act and signed a proclamation placing an embargo on the shipment of arms, ammunition, and implements of war to France, Germany, Poland, the United Kingdom, India, Australia and New Zealand, or to any other state for transmission to those countries. The President later added the Dominion of Canada and the Union of South Africa to the list of countries to which shipments of arms and munitions are prohibited. A complete list of articles included in the terms, "arms, ammunition and implements of war," is printed on Pages 4 to 6 of the State Department's pamphlet entitled, "International Traffic in Arms"—available at the U. S. Consulate-General.

***

Later it was stated that American citizens residing abroad were permitted —under the Neutrality Law— to return to the United States within a period of ninety days, on ships of the belligerent nations, without penalty for doing so.

***

In answer to a query regarding the convoying of American ships through war zones, the President said it probably would be safe for American ships—with American flags painted on their sides, decks and superstructures—to run on regular schedules on their normal course with all lights burning, rather than under convoy. He said that the times of sailings of American ships "would not be kept secret."

PASSPORT AND TRAVEL REGULATIONS for CITIZENS OF THE UNITED STATES

The State Department, on September 4, 1939 made public the new regulations governing the issuance of passports and the possession and use of passports on the part of American citizens under the Neutrality Regulations. It was stated, unofficially, that in view of the exigencies of the present situation in Europe, particularly the danger of travel to and from Europe, the hazards which may be encountered in residing in belligerent countries and the shortage of steamship facilities to transport the many thousands of American citizens now in Europe who have been urged to return to the United States, the Secretary of State has deemed it advisable to prescribe regulations under which no passport which has heretofore been issued shall be valid for use in traveling from the United States to any country in Europe unless it is sent to the Department for validation for such use. Under the new regulations, before the Department of State will validate any passport heretofore issued or issue any new passports for use in Europe, it will be required that documentary evidence be submitted to it showing the imperative necessity for traveling to Europe. It is contemplated by the new regulations to restrict the use of passports only to those who can show an imperative necessity for traveling in Europe and at the same time to take every possible precaution to assure the importance of American passports as definitely identifying and establishing the citizenship of the persons to whom they are issued. Extraordinary care will thus be taken in this regard and consequently persons desiring to have passports already issued to them validated for future use in Europe and persons desiring to obtain new passports for use therein are urged to submit their applications at least three weeks in advance of their expected sailing.

In order to assure strict compliance with the new regulations, passports of American citizens intending to depart for Europe will be carefully examined to see that they have been validated for use in Europe. Upon the return of American citizens their passports will be taken up and returned to the Department of State for safe-keeping and to assure that they will not again be used except in accordance with the new regulations.

The passport agencies in New York, Boston, Chicago, and San Francisco are being advised of the new regulations, and, for the convenience of the officers in the various foreign consulates situated in the cities mentioned, they are being instructed to furnish each such officer with a copy of the new regulations requiring the validation by the Department of passports heretofore issued in order that they may hereafter be used in traveling to Europe. The new regulations are as follows:

DEPARTMENTAL ORDER

"By virtue of and pursuant to the authority vested in me by Section I of the Act of July 3, 1926, 44-887 (U.S., Title 22, Section 211A), and by Executive Order No. 7856 of March 31, 1938, prescribing rules governing the granting and issuing of passports in the United States,

I, the undersigned Secretary of State of the United States, hereby prescribe the following regulations:

"No passport heretofore issued shall be valid for use in traveling from the United States to any country in Europe unless it is submitted to the Department of State for validation.

Validation of Passports

"Before the Department of State will validate any passport heretofore issued for use in any country in Europe it will be necessary for the person to whom the passport was issued to submit documentary evidence confirming the imperativeness of his proposed travel. A person who desires travel in Europe for commercial purposes must support his application for the validation of his passport or for the issue of a passport with a letter from the head of the firm in the interests of which he intends to go to Europe. Such letter must state not only the names of the European countries which the applicant expects to visit and the objects of his visits thereto, but, in addition, whether or not the applicant is a salaried employee of the firm concerned; and, if so, how long he has been known to the firm and for what period of time he has been in its employ. If the applicant is going to Europe on a commission and not a salary basis, that fact also should be specifically stated. If the applicant for a passport is the head of the concern for which he is going to Europe, he must submit a letter from another officer of the concern or a letter from the head of some other reputable concern who has had business transactions with the applicant and has knowledge of the business in which the applicant is engaged and the object and necessity of his proposed trip to Europe.

"An applicant, in going to Europe for any purpose other than commercial business, must satisfy the Department of State that it is imperative that he go, and he must submit satisfactory documentary evidence sustaining his statement concerning the imperativeness of his proposed trip.

False and Misleading Statements

"In view of the exigencies of the present hostilities and the consequent necessity of exercising the greatest care in the validation of passports or the issue of new passports, the Department of State will be obliged to hold applicants and firms responsible for any false or misleading statements made by them in connection with applications for passports, and any such false or misleading statements would be in violation of Section 220 of Title 22 of the United States Code which reads as follows:

" 'Whoever shall wilfully and knowingly make any false statement in an application for passport with intent to induce or secure the issuance of a passport under the authority of the United States, either for his own use or the use of another, contrary to the laws regulating the issuance of passports or the rules prescribed pursuant to such laws, or whoever shall wilfully and knowingly use or attempt to use or furnish to another for use any passport, the issue of which was secured in any way by reason of any false statement, shall be fined not more than $2,000 or imprisoned not more than five years or both.'

"Women and children will not be included in passports issued to their husbands or fathers unless the urgent and imperative necessity of accompanying them is conclusively estimated.

"Passports will not, as a rule, be validated or issued for travel in opposing belligerent countries.

Protection May be Withheld

"Should a person now having a valid passport proceed to any European country without first having submitted his passport to the Department of State for validation, the protection of the United States may be withheld from him while he is abroad.

"Should a person to whom a passport has been issued use it in violation of the conditions or restrictions contained therein, the protection of the United States may likewise be withheld from him while he is abroad, and he will be liable for prosecution under the provisions of Section 221 of Title 22 of the United States Code which reads in part as follows:

" 'Whoever shall wilfully and knowingly use or attempt to use any passport in violation of the conditions or restrictions therein contained or of the rules prescribed pursuant to the laws regulating the issuance of passports, which said use shall be printed on the passport; . . . . shall be fined not more than $2,000 or imprisoned not more than five years or both.

"Hereafter when a passport is validated or issued for use in Europe, its validity shall be restricted to the person necessary to accomplish the purpose of the intended visit to Europe, but in no case beyond a period of six months.

"Passports in possession of persons now residing abroad shall, in due course, be submitted to American consular officials for appropriate endorsement under special instructions to be sent to such officers at a later date."

U. S. Firms Seek Trade Connections in China

The following inquiries from firms in the United States which desire to establish connections with firms here, have been received by the American Chamber of Commerce. Persons desiring to communicate with these firms should address the American Chamber of Commerce, American Club Building, 209 Foochow Road, Shanghai, giving the number of the specific item:

37—A Chicago, Ill., firm, manufacturers of neon tubing, neon apparatus and electrical glass products, desires to contact interested parties in China.

38—A Los Angeles, Calif., firm engaged in the exporting and importing business wish to contact Shanghai firm with a view to a mutually beneficial arrangement for the handling of export and import business between Shanghai and Los Angeles.

39—A Philadelphia, Pa., firm wish to contact factories who manufacture Punk (Joss-Sticks).

40—A New York, N. Y., firm wish to contact a distributor for their electric ranges in China.

41 (24)—A collector of dolls has written from Arlington, Virginia, regarding the purchase of Chinese dolls.

42 (25)—Export distributors for boilers, radiators, furnaces, and air conditioners are desired by a New York firm.

43 (26)—A New York firm wishes to supply Florida oranges to this market.

44 (27)—An inquiry has been received from New York, N. Y., concerning possible importers of men's shirts and neckwear and ladies' silk hosiery.

45 (28)—A firm in Detroit, Michigan, manufactures photo finish equipment (especially for use on race tracks) and has inquired regarding possible use in Shanghai.

46 (29)—A firm in Bloomington, Illinois, that is a large user of Green Tea, known as Gunpowder and Imperial, has written regarding possible sources of supplies of this tea from China.

47 (30)—A firm in New York has inquired concerning importers and consumers of rock crystal.

48 (31)—A New York concern wishes to find ice cream manufacturer to be exclusive agent for frozen confections and equipment to make them.

49 (32)—A firm in Chicago, Illinois, has requested to be put in touch with firms that export castor-seeds.

50 (33)—A New York company desires suitable distributors or sales representatives for line of electric refrigerators.

Khalka River Oasis Seen as Main Cause of Manchu-Mongol Friction

BY DENZO HIRATAKE *(Lecturer at Waseda University)*

(Translated from the August, 1939 issue of the Zaisei)

THE creation of Manchukuo in 1932 brought Japan into close contact with Soviet Russia, and since then numerous border disputes, no less than 200 cases every year, have been taking place. Since the sensational occupation by the Soviet forces of Kanchantze Island on the Amur in 1937, which marked a new turn in their provocative activities in the border areas, such major troubles as the Changkufeng affair last year and the recent incident in the Khalka River area have been successively caused by them in increasingly large scale and in a manner more persistent than ever. All this goes to suggest what direction Japan-Soviet relations will follow in the future.

Frontier Conferences Held

On the Manchukuo-Outer Mongolian frontier the illegal invasions of the Outer Mongolian forces of Manchukuo territory have been repeatedly committed, among which the Halhamiao incident in 1936 was most serious in nature next to the recent Nomonhan incident. In order to remove, for the time being, the causes of constant troubles, Manchukuo and Outer Mongolian authorities held three times a special conference to discuss the establishment of a committee for the demarcation of the frontiers and the prevention of further border troubles and also to contemplate the organization of a permanent organ composed of the two countries' representatives. But these conferences proved abortive on account of the elusive attitude of Outer Mongolia. Needless to say that similar efforts were often made by Japan to regulate her relations with Soviet Russia in regard to Manchukuo-Soviet frontiers until the outbreak of the China Incident, though they all failed to produce any satisfactory results due to the lack of sincerity on the part of Soviet Russia.

Exploiting Confusion

Soviet Russia has many reasons to adopt such an elusive policy. The foremost of them all, however, is that for many centuries prior to the establishment of Manchukuo, Soviet Russia had taken full advantage of the confusion of China both in domestic and international affairs to grab much of her territories. It is easy to imagine that Soviet Russia should thus try to shirk her responsibility to delimit properly her common frontier with Manchukuo.

As to the claims made in recent years by the Manchukuo Government and the Outer Mongolian Government to their common frontiers, one glance at them is sufficient to show which party is more soundly founded in the matter. The only basis Outer Mongolia can offer for its demand is the extremely ambiguous map, which was presented in 1734 by the then Commander of the Kirin Army to the emperor of the Ching Dynasty. Manchukuo, conversely, has many diplomatic documents testifying to her rightful claim, which concern, among other things, frequent negotiations between the former Governor of Hailar Province and Outer Mongolian authorities in regard to the fishery problem in Lake Buir, in which the latter party admitted the area on the eastern bank of the Khalka River to belong to the Manchukuo territory. The second fact that Manchukuo can offer decidedly to her advanage is the treaty concluded in 1727 between the Army Commander of Heilungkiang Province and the Outer Mongolian Government, which supports, together with the old oral tradition prevailing in the area, the Manchukuo claims to the recovery of her proper frontier.

In defiance of these historical facts, however, Outer Mongolia, at the suggestion of Soviet Russia and with her help, illegally occupied a large portion of Chinese territory by expanding the common frontier to the northeastern bank of the Khalka River, until the time when the Halhamiao incident took place in 1936 to enable the newly-created Manchukuo Government to recover the proper frontier line by force. Outer Mongolian forces have since been watching with vigilant hostility for a chance of invasion of Manchukuo territory. It is, then, no wonder that this provocative attitude on the part of Outer Mongolian forces has frequently given rise to large-scale border clashes.

Oasis in the Desert

One reason why Outer Mongolian forces center their provocative activities on this area is political, since their repetition may be considered acts by force of habit of its traditional policy towards the border problems. But another reason, more far-reaching in sense, may be found in the geological nature of the area, which represents an oasis in the Mongolian desert, abounding as it does in water and pasture. It needs no mention as to how greatly important is such an oasis in the vast and barren plain and how much is the area coveted by the Mongolian nomads. Geologically, the Manchukuo territory close to the common frontier in the Khalka River area is very rich in subterranean water, which is scarce on the Outer Mongolian side. All this goes to explain why Outer Mongolian forces have repeatedly been committing illegal transgressions of Manchukuo territory.

Taking a broader view of the series of border clashes, it may be pointed out that all of them, not excluding the recent Nomonhan incident now in progress in large scale, belong in the same category as the fishery issues and the pressures on Japanese rights and interests relative to oil and coal in North Sagahalien, which Soviet Russia has exerted as a means to help indirectly the Chiang Kai-shek regime since the outbreak of the Sino-Japanese hostilities.

Stalked by the Bear

The Chicago Tribune

To Impress Mongols

Another cause of Soviet violation of the Manchukuo border at the risk of an armed conflict with Japan and Manchukuo is, beyond doubt, the desire to impress the Mongolian masses with the military strength of Soviet Russia, so that they, who have been greatly disturbed by a general purge, may be brought to continue to rely on her or to divert their attention from domestic politics to international problems.

With the wholesale purge still going on in Soviet Russia, she is greatly in need of taking some measures to restore order not only in Outer Mongolia but also in her own society which is in a general commotion. Under such cirumstances, it leaves no doubt that the Soviet authorities have been resolved to provoke extensive and persistent border troubles and to involve themselves in a conflict with Japan, in-

order to divert the attention of Soviet nationals to the Far Eastern crisis and to win their hearts by the greatness of the Red Army, which is bombastically featured in anti-Japanese propaganda.

All the actions of Soviet Russia in the Far East cannot be fully grasped unless her European policy to hold the casting vote for the two opposing camps of the democracies and the totalitarian states is taken into account. As is generally recognized, the final objective of this Soviet policy is to further the collapse of European capitalism by accelerating the antagonistic struggle between the two camps and to give an impetus to the realization of world revolution. It is in this light that the Soviet's Far Eastern policy should rightly be understood.

In such a situation in the world, Soviet Russia finds herself in a delicate position to shirk, on the one hand, from establishing a general and close relation with Great Britain and France, which is dangerous to her own existence, while on the other, to keep them taking constant interests in her in order to lead the situation to develop to her advantage. The firm attitude of Soviet Russia towards Japan in connection with Outer Mongolian-Manchukuo border troubles seems to be calculated to win for her the recognition of Great Britain and France of her strength and the reliability of her military forces. However, it is a pity that in the recent incident near the Khalka River the weakness of the Red Army has been completely betrayed, in which several hundred Soviet planes have so far been brought down by Japanese and Manchukuo forces.

Chungking to Float Flood Relief Loan

The Chinese Government has decided to issue a loan of $3,000,000, the proceeds of which will be used for the relief of flood victims in North China, it was announced from Chungking Sept. 9.

According to a *United Press* dispatch from Tientsin the same day, the French and Japanese authorities in that city had started the long and difficult task of pumping water out of the flooded areas. In the British Concession an electrically driven pump capable of handling 6,000,000 gallons daily was being used, while other areas were mostly using small oil engine apparatus and coolies armed with buckets. The Japanese predicted that their Concession would be dry within a month.

Nearly 2,000,000 people are threatened with famine as a result of the flood disaster. Estimates of property damage are likely to become available soon, now that the flood waters are subsiding. The whole countryside around Tientsin for a distance of 50 miles in all directions is under water and all farms within that radius, upon which Tientsin depended for its fresh food supplies, have been wiped out.

Army Annoyed by Rice Revelations

Allegations by a correspondent of the *North-China Daily News* that "war on Shanghai by starvation is the policy of the Japanese Army as revealed by investigation through Chinese merchants," last week aroused the ire of Major Nishihara, Japanese military spokesman. The Japanese Army, he said, was amazed at the assertion, which, published by the *North-China Daily News* in its issue of Sept. 6, dealt with the purchase and transport of rice from the Yangtsze delta to Shanhgai.

The article in question was captioned "Between the Devil and the Deep Sea." It described the Japanese Army's monopoly of rice transportation and the manner in which Army representatives in Anhwei province forced farmers to sell their rice at less than five dollars (in Japanese army notes) per hundred catties, which is far below the prevailing price on the Shanghai market. The Army sells the rice thus forcibly acquired at a 300 per cent profit, it was stated. The correspondent then told the following story:

Reign of Terror

"How does this reign of terror work out in the country? One morning, very early, in a certain village which is typical of a mililon others, a shot rang out. The head man of the village had been killed. He had refused to sell rice to the Japanese agents not entirely because of his patriotism, but because he knew that if he did so the guerrillas would burn his village to the ground.

"That day the entire rice stocks of the village were sold to the Japanese agents and paid for partly with Japanese printing press military notes and partly with good Chinese money. Next day at two a.m. the guerrillas arrived, seized the Japanese money as evidence that the village sold out to the Japanese and was a village of traitors; fined the village the entire amount received for their entire rice crop which they had sold to the Japanese. As an example to all other villages in that entire area they then burned the village to the ground and returned whence they had come. The village is but an example of what is happening to thousands in China today.

"Thus the New Order in East Asia has come to the real people of East Asia, the farmers who through the heat of summer and bitter cold of winter toil to raise the crops for possession of which the military will torture them."

The Benevolent Army

Major Nishihara declared that the article was "slanderous" and asserted that the Japanese Army paid a fair price for the rice purchased, transported it to Shanghai as cheaply as possible, and exercised a certain amount of control over merchants to prevent profiteering. The Army, he said, needed rice itself, but nevertheless went out of its way to supply the Shanghai demand. Moreover, it was unreasonable to assert that Japanese military notes were worthless, as cotton and other commodities were purchased with them. He closed with a threat: "If the Army still is blamed for its humanitarian action, it will be compelled to take necessary steps, different from previous ones."

The Army organ *Tairiku Shimpo* declared on Sept. 8 that the Army authorities had decided to demand that the Shanghai Municipal Council strictly control "false reports" published by English and Chinese language newspapers in the Settlement which were insulting to the Japanese Army in connection with the rice situation.

Puppets Active in Outside Roads Area

Rumors that the puppet "Shanghai Special Municipality" is planning to replenish its empty coffers by collecting rates and taxes from residents in the Western extra-Settlement roads area gained currency this week following the action of the Japanese and puppet police in erecting sandbag emplacements and barricades on Jessfield and Great Western Roads last Saturday. Throughout this week puppet policemen in khaki uniforms and armed with rifles have been greatly in evidence in these localities, thus causing additional rumors that a puppet-Japanese seizure of the extra-Settlement roads was in contemplation.

Japanese gendarmes and their puppet agents have been going from house to house, conducting a kind of census. The precise purpose of these investigations has not been revealed, and high officials of the Shanghai Municipal Council, when asked whether the Council was conducting negotiations with the Japanese or puppet authorities on the outside roads question, were "non-committal," the *China Press* reported.

In an interview with a reporter of the same paper on Sept. 8, Sterling Fessenden, formerly Secretary-General of the S.M.C. and now a practicing lawyer, expressed the opinion that there would be no major political change in the foreign-controlled areas of Shanghai, since no utilitarian purpose would be served by interference in the present administration by any nation.

Mr. Fessenden said he could discern no indication that the Japanese had any intention, now or for the future, of taking over the International Settlement. The administration of this area, he added, is a complicated thing, and any attempt to do away with the present regime would throw the city into chaos and result in ruin. Changes must be made slowly, he believes.

The ex-Secretary-General also pointed out that America has a large commercial interest in the Settlement, and said that any attempt by the Japanese arbitrarily to interfere with the present administration would encounter a strong reaction from the United States and would strain relations between the two countries.

Tokyo Curbs Kwantung Army By Naming New Envoy to Hsinking

AN event which may have considerable significance for the future of Soviet-Japanese relations was seen this week with the arrival at Hsinking on Sept. 11 of Lieut.-Gen. Yoshijiro Umetsu, newly-appointed Japanese Ambassador to Manchukuo. The new incumbent replaces Gen. Kenkichi Ueda, both as Ambassador and as the commander of the Kwantung Army.

A *United States* dispatch from Tokyo interpreted the removal of Gen. Ueda as "a distinct rebuff to Japan's truculent Kwantung Army, which has been running Manchukuo on a program of state socialism and enmity toward the Soviet."

Umetsu's Main Job

Lieut.-Gen. Umetsu, the new Ambassador at Hsinking, was formerly Vice-Minister of War in the Tokyo government and at one time commander of the Japanese garrison in North China. He is said to have frowned on the tactics of the Kwantung Army in inviting brawls with the Soviet, being more interested in the settlement of Japan's problems in China. His job in Manchukuo will be to see that nothing there interferes with Japan's China objectives, as a serious conflict with the Soviet might well do, *United Press* believed.

Lieut.-Gen. Umetsu has a reputation as a skillful negotiator and clear-headed administrator. It was he who engineered the 1934 agreement with Gen. Ho Ying-ching, China's war minister, which resulted in the demilitarization of a large portion of North China and the virtual banishment of the influence of the Central Government from the territory. This agreement came to be known as the "Ho-Umetsu Agreement."

According to "inside information" in Tokyo, *United Press* reported, Lieut.-Gen. Umetsu's appointment came directly from the Imperial Household, the Emperor himself taking the initiative in order to smooth out the ugly border situation which has resulted in large-scale fighting in the Nomonhan region since May of this year.

Troops Sent to Manchukuo

Meanwhile, a *Reuter* report from Peiping on Sept. 10 said that considerable numbers of Japanese troops were being transported to Manchukuo in military trains from Fengtai junction, south of Peiping, following the subsidence of the floods and the reopening of the railway. Many of these troops, it was stated, had been withdrawn from south Shansi, which was apparently to be left in Chinese hands, the Japanese holding the railway between Shihchiachwang and Taiyuanfu, and the northern half of Shansi province. It was believed that the troops were being withdrawn to Manchukuo in view of Soviet mobilization.

Official circles in Tokyo, on Sept. 11, categorically denied a foreign press report which attributed to the Premier, Gen. Nobuyuki Abe, a statement that Japan was planning to readjust relations with Soviet Russia on the basis of a suggestion by Herr Joachim Von Ribbentrop, Reich Foreign Minister.

The report which brought the denial was a Tokyo dispatch by the German *Transocean* agency. It said that Gen. Abe, in a statement to the press, forecasted a settlement of Soviet-Japanese frontier disputes by peaceful negotiation if both parties were ready for a peaceful solution. Pointing out that some Japanese quarters favored a non-aggression pact between Japan and Soviet Russia, the Premier reportedly declared that any such plan must be carefully examined and take into consideration the Japanese national spirit. The anti-Comintern pact must, however, be maintained in any case, he was credited with saying.

"Smoking is Harmful?"

Low in Manchester Guardian

Cannot be Reconciled

The Japanese denial of the statements attributed to Gen. Abe, cabled to Shanghai by *Domei*, said that the Premier had intimated "the impossibility of reconciling Japan's position with Herr Von Ribbentrop's contention that there was no inconsistency or contradiction in adhering to the anti-Comintern Pact and at the same time concluding a non-aggression pact with the Soviet Government." Regarding readjustment of the frontier situation, Premier Abe was reported to have pointed out that it was not up to Japan to take the initiative in such a matter, since the Soviet Union was entirely to blame for the border incidents.

Britain Seeking To Resume Talks

Anglo-Japanese relations came into the limelight again on Sept. 7 when R. A. Butler, British Under-Secretary for Foreign Affairs, revealed in the House of Commons that Japan, two days previously, had sent notes to Great Britain, France Poland and Germany, offering to protect these countries' nationals and their interests in the occupied areas of China on condition that their warships and troops were withdrawn.

As regards relations with Japan, Mr. Butler said His Majesty's Government had made it clear that it was not only willing, but anxious, to continue conversations previously begun in Tokyo "in the hope that an agreement may yet be reached on all outstanding points."

The Tokyo correspondent of the *North-China Daily News* questioned a spokesman of the Foreign Office on this subject and was told that the British desire to resume negotiations had been informally communicated to the Japanese Government, but he was unable to make any comment until complete proposals had been received, beyond saying that the Japanese attitude in general remained as previously outlined.

Last Batch of Jewish Refugees Arrive Here

Four hundred and forty Germans, of whom 400 are Jews, landed in Shanghai from the s.s. Conte Biancamono on Tuesday of this week and were permitted to land without hindrance by either the Japanese or the S.M.C. in accordance with the recent decision that refugees who had already embarked at Europen ports for Shanghai would be allowed to enter, although all further immigration is to be stopped.

The exiles did not land at Singapore, where the ship was searched for contraband, and were not allowed ashore in Manila owing to passport irregularities.

Chiang Takes Control of 'Big Four' Banks; Soong Secretly Visits Capital

IMPORTANT changes in the superstructure of China's banking system, involving virtual amalgamation of the "Big Four" government banks and the appointment of General Chiang Kai-shek as chairman of a joint board of the four institutions, were announced in a Mandate of the National Government issued at Chungking on Sept. 8.

The four banks involved are the Central Bank of China, the Bank of China, the Bank of Communications and the Farmers' Bank of China, of which latter Gen. Chiang Kai-shek was already the chairman.

Soong Given Post

A notable fact in the amalgamation is the appointment of Mr. T. V. Soong, former Chinese Finance Minister and present chairman of the Board of Directors of the Bank of China, as a member of the newly-created Standing Committee of the Joint Board of the four banks. The others named are Dr. H. H. Kung, present Finance Minister and Governor of the Central Bank of China, and Mr. Chien Yung-ming, chairman of the Board of the Bank of Communications.

After a long period of divorcement from government affairs, T. V. Soong made a secret trip from Hongkong to Chungking on Sept. 6. He returned to the British colony early this week, but is expected to visit China's provisional capital again in the near future.

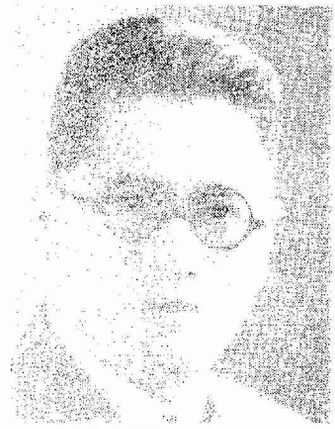
The Mandate providing for the virtual amalgamation of the four banks was issued while Mr. Soong was in Chungking. It was published under the seal of the National Defense Council. No mention is made of "amalgamation," despite the fact that a common control has been established which in effect will cause the four banks to function in national financial matters as a single unit. On the contrary, the Mandate states that each of the four banks shall "continue to develop their respective business in accordance with their respective bye-laws or regulations." The Mandate itself is described as "an outline of war-time measures for strengthening the central currency machinery."

Virtual Dictatorship

That a virtual dictatorship over the banking system has been established, is indicated in Paragraph 4 of the Mandate, which states that "orders issued by the Ministry of Finance must be immediately and strictly enforced, and must not be violated or delayed, by the head offices (of the several banks) and the Joint Office."

Foreshadowing possible early removal of the head offices of the four banks to Chungking, the second paragraph of the Mandate reads: "A definite date shall be fixed by the Board of Directors of the Joint Office for the early removal of the head offices of the Central Bank of China, the Bank of China, the Bank of Communications and the Farmers' Bank of China to the place where the seat of the National Government is located."

Chungking also announced last week a series of measures for strengthening the national currency. In addition to gold, silver and foreign exchange, the "Big Four" banks are to be permitted to enhance their legal tender reserves by including short-term commercial



T. V. Soong

papers, commodity certificates, shares in productive enterprises and National Government bonds, provided that reserves of this kind shall not exceed four-tenths of the cash reserve.

Additionally, the measures call for the auditing of public expenditures, abolition of superfluous military and civil organizations, and tightening of control of foreign exchange, which will be allotted only to "legitimate businesses."

***

Hua Hsing Ruling Given Explanation

Compulsory payments of Customs duties at Central China ports in Hua Hsiang currency or its equivalent was explained this week by the Shanghai correspondent of the *Chugai Shogyo*, Tokyo commercial daily, as being intended primarily to prevent a decrease in Customs revenue as a result of the decline in the value of Chinese national currency. Since the administration of the Maritime Customs in Central China, including Shanghai, had been taken over by the Reformed Government it was but natural that all Customs dues should be paid in notes of the Hua Hsing Commercial Bank, legal tender of the new Nanking Government, the correspondent said.

He pointed out that heretofore the Nanking Government had taken no action regarding the payments, because Hua Hsing notes and fapi were exchanged at par while the circulation of Hua Hsing notes was limited. Since June, however, the exchange rate of the Chungking dollar had slumped severely, which resulted in a marked decline in Customs revenue, the correspondent recalled. He pointed out that the new regulations would result in a 50 per cent increase in Customs dues to those who paid in fapi, while they would mean a 50 per cent reduction to those who paid in Japanese yen. He said the regulations would rectify an unfair situation arising from devaluation of fapi and pegging of it at one shilling, two pence, which heretofore subjected Japanese merchandise to an unfairly high Customs tariff.

Britain Makes Protest

On Sept. 7 the British Government protested to Japan against the new ruling that Customs dues at Shanghai and other Central China ports must be paid in Japanese-sponsored currency, and diplomatic quarters in London, according to *Reuter*, predicted that the United States and France would follow suit. The Japanese move was interpreted in the British capital as an attempt to gain control of the export and import business of Shanghai.

Meanwhile, the Tokyo Government is understood to be considering discontinuation of the pegging of the Yen to the British pound sterling. Although the yen rate on London has been increased by 1/16, the Japanese currency unit still remains tied to the pound and shared the recent decline of the latter to the extent of about 10 per cent.

China Relief Drive In U.S. to Continue

Harper Sibley, chairman of the Church Committee for China relief, announced on Sept. 10 that the outbreak of war in Europe would not halt the drive for funds for the relief of Chinese refugees which the committee has been conducting for several months. He stated that the present drive for US$1,000,000 would be continued and that meetings were scheduled in numerous Middle-West towns of the United States to bring the campaign to a successful conclusion.

In addition to the drive by the Church Committee, which is made up of Catholic, Protestant and Jewish religious organizations, another organization headed by Theodore Roosevelt, Jr. is planning to hold a national "Bowl-of-Rice" dinner drive this fall which is expected to bring in considerable money for China relief purposes. The dinners will be held about Oct. 10, the Chinese national holiday, each guest being expected to contribute the difference between the cost of a bowl of rice and a regular dinner to the relief fund.

The American Red Cross, which has contributed about U.S.$750,000 for civilian relief in China since the beginning of the Japanese invasion, recently has sent two large cargoes of American wheat to Shanghai and Canton. According to a dispatch from Washington this week the Red Cross has appropriated the sum of U.S.$50,000 for relief in Poland.

The British Relief Fund, formerly known as the Lord Mayor's Fund, also announced this week that it would continue its work in China despite the outbreak of war in Europe. The British Fund has raised and dispensed approximately £202,000 since the outbreak of hostilities here.

Wang Ching-wei Busy Molding Central Puppet Regime

WITH the stage apparently all set for a full-dress puppet show, dramatic but not necessarily important developments are expected to take place in Wang Ching-wei-Japanese politics in the near future. Judging from the inspired statements coming from Tokyo, it appears very likely that Wang's present activities in Shanghai may soon culminate in the formation of a new political set-up in Japanese-occupied areas will Wang playing the leading role.

What effects Wang's projected move will have on the present politico-military situation in China, it is too early to say. It must be noted, however, that any new regime, to acquire a semblance of respectability, let alone to be successful, must fulfil two conditions. First, it must have a genuine native leadership, relying solely on the support of the Chinese people and unsullied by alien intrigues. Secondly, even if it hopes to claim the status of an opposition in Chinese politics, it must at least enjoy some native military backing, without which no amount of speech-making and resolution-passing can be of any avail.

Foredoomed to Failure

Viewed in the light of these two conditions, Wang Ching-wei's present movement is foredoomed to failure, because his dependence upon the Japanese is repugnant to Chinese national sentiment and his total lack of support from any section of the Chinese Army makes realization of his plans absolutely impossible.

The National Government at Chungking, while watching closely Wang's activities in Shanghai, so far has issued no formal statement against him and his so-called "Sixth Kuomintang Congress." The only action taken has been a circular telegram issued by the Legislative Yuan, denunciation of Wang by the Central Publicity Council and expulsion of two more of his associates from the Party.

The Legislative Yuan, in its message circulated throughout the country, declared null and void the acts of the "sham congress" which Wang recently convened in Shanghai. According to regulations of the Kuomintang, only the Central Executive Committee has the authority to convene the National Kuomintang Congress and this must be held at the seat of the Central Government, the statement emphasized.

Packed With Traitors

"Packed with traitorous elements and meeting under the protection of China's enemy, the sham congress was convened by a person who was expelled from the Party and whose arrest has been ordered by the National Government, and therefore it was clearly illegal," the message added.

Yeh Chu-tsang, director of the Central Publicity Council, declared that since Wang Ching-wei had already been permanently expelled from the Party, he had lost his status as a member of the Party. Therefore, his acts and proposals deserve no attention. Mr. Yeh likened Wang's "illegitimate congress" to a funeral procession, in which beggars were employed to carry flowers and march on the streets. He further stated that the resolutions adopted by the "congress" were prepared in advance by the Japanese.

Encirclement?

Kladderadatsch, Berlin

Further disciplinary measures against the associates of Wang Ching-wei were taken by Chungking last week, when the Central Supervisory Committee of the Kuomintang ordered the permanent expulsion from the Party of Dr. Chu Ming-yi and Dr. Ho Shih-tseng. Dr. Chu, a brother-in-law of Wang, was formerly secretary-general of the Executive Yuan, while Dr. Ho was formerly president of the First Special District Court in Shanghai.

Emboldened by promised support from Japan, Wang has now come into the open and made his first public appearance before foreign correspondents last week. Making a strong bid to win over high Kuomintang officials in Chungking, he is understood to be feverishly preparing for the organization of a new regime. Meanwhile, his cohorts are also active in demanding that Gen. Chiang Kai-shek should give up all his posts.

Japanese Recognition Ready

Although the Japanese Government has made no official declaration concerning its attitude towards Wang's present activities, an inkling of what Japan has promised him was given in a statement published in the Tokyo *Nichi Nichi* last Sunday. Predicting the establishment of a new central government in China with Japanese support, the journal asserted that the Japanese government would shortly make a clear-cut statement announcing Japan's cooperation with the new regime in China and manifesting her intention to readjust Sino-Japanese relations with it.

According to the *Nichi Nichi*, the Japanese Government has already finished preparations for extending formal recognition to the projected regime on its inauguration and is also prepared to conclude agreements with it for the regulation of Sino-Japanese relations.

Seeking to Seduce

In view of the inspired statement by the Tokyo journal, it is evident that Wang must have reached a secret understanding with the Japanese. Incidentally, it also serves to explain why Wang and his associates have suddenly become so bold in their activities. As the first important move towards winning over Kuomintang leaders in Chungking, Wang, according to the *Chung Hua Jih Pao*, his personal organ in Shanghai, has wired Chungking asking all members of the Central Executive and Supervisory Committees to come to Shanghai to "discuss national affairs." The telegram was sent by Wang as "chairman of the Sixth National Kuomintang Congress" and addressed to Dr. Chu Chia-hua, secretary-general of the Central Executive Committee, instructing him to act accordingly and to make a report without the least possible delay.

The *Chung Hua Jih Pao* also revealed that at the first meeting of the "Sixth Central Executive Committee," Chou Fu-hai and eight other persons were elected as members of

the standing committee, while Dr. Chu Ming-yi was chosen as secretary-general. Mei Shih-ping, Tao Hsi-sheng and Ting Mo-chuan were elected as ministers of the Organization, Publicity and Social Affairs sections, respectively. Lin Pai-sheng, publisher of the *Chung Hua Jih Pao*, was elected vice-minister of publicity. In this honor roll of new dignitaries, it is noteworthy that such former prominent associates of Wang Ching-chi as Chen Kung-po and Ku Meng-yu are not included. In view of this, it is apparent that all is not harmony within Wang's camp.

Lifting the dark veil of secrecy which has been surrounding his movements since his flight from Chungking last December, Wang Ching-wei last week (Sept. 7) granted his first public interview to a group of foreign newsmen to explain his views on peace with Japan.

Admits Japan Visit

In a prepared statement read to the assembled foreign correspondents and members of the local foreign press, Wang confessed that he had visited Tokyo, kept in close touch with the Japanese military authorities in China and visited Japanese-occupied Nanking, Peiping and Canton in order to discuss with "my comrades and non-party patriots" ways and means of carrying ont "our responsibility."

Some 20 foreign newspaperman, including two Japanese, were present at the tea reception which was held at Wang's palatial and closely-guarded residence on Yu Yuen Road, property of the former communications minister, Wang Po-chun. Among the Chinese present were Chu Ming-yi and T'ang Leang-li, editor of the *People's Tribune*.

Making his statement in Chinese which was later interpreted in English by one of his secretaries, Wang announced that his mission at the present time lies in the accomplishment of two objectives:

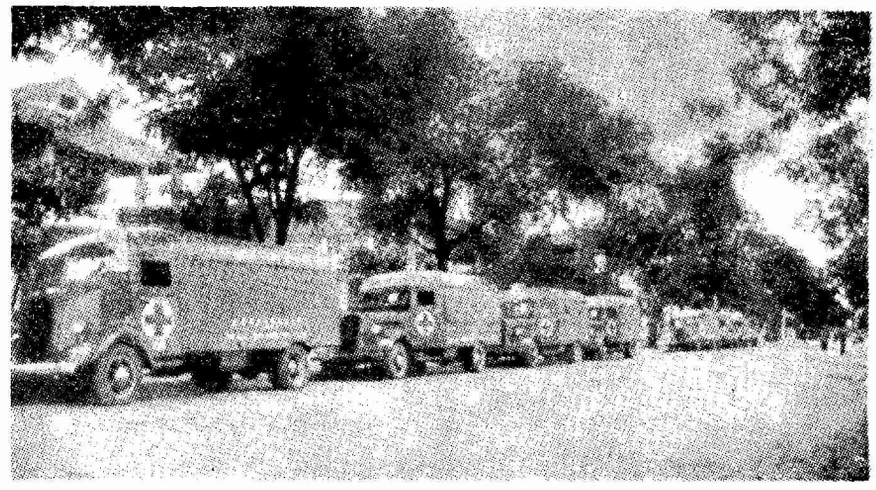
Wang's Objectives

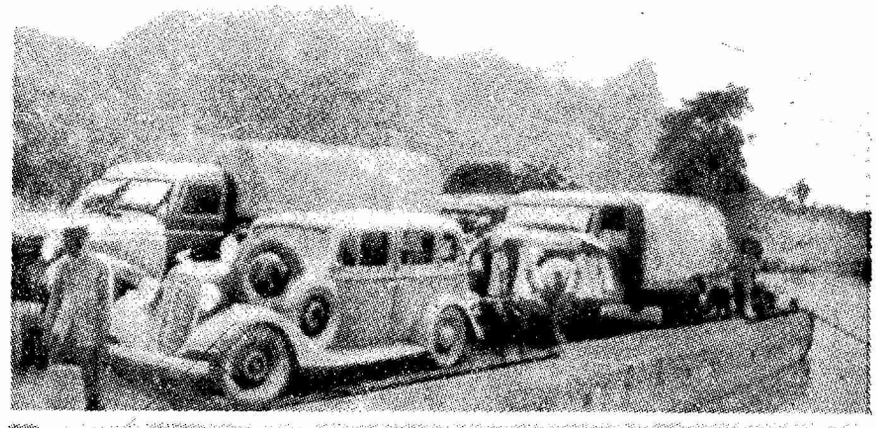
"Party renaissance," and the ending of the "futile and meaningless war" by inaugurating "an era of peace."

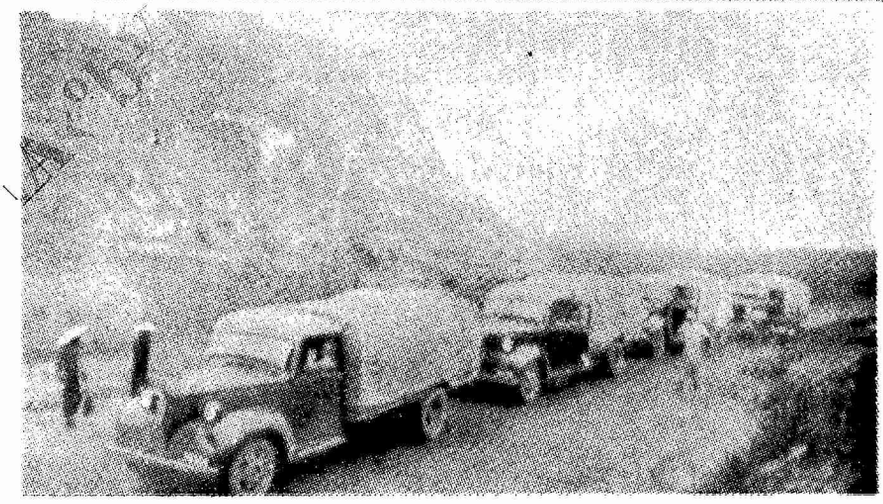
Referring to his secret trip to Tokyo, Wang said that his talks in the Japanese capital were conducted in order to find out whether the declaration of Prince Konoye on December 22 and his own peace proposal of December 29 could be made a reality.

"Shortly after the Emergency National Congress of Kuomintang in April last year," Mr. Wang said, "General Chiang relieved Mr. Kao Chung-wu of his posts as the director of the Asiatic Department of the Ministry of Foreign Affairs and entrusted him with the important mission of going to Hongkong to arrange peace negotiations with Japan. The allegation that Kao Chung-wu acted on his own and was without authority is therefore absolutely untrue. My visit to Tokyo was not along a new line of approach; it was to prevent the negotiations started by Mr. Kao Chung-wu from breaking down. And the result of my negotiations with Japanese authorities during my visit to Tokyo gave concrete basis to my belief that Prince Konoye's declaration and my peace proposal can be made a reality."

Trucks and Bibles







Photos by Carleton Lacy

Above, a fleet of 20 Red Cross trucks presented to the Chinese Red Cross by Chinese benevolent organizations in Los Angeles. The picture was taken in Haiphong on July 18 this year. Center, the Bible Caravan—trucks loaded with Bibles and other Christian literature, being ferried across a river in Kwangsi province en route to western and northwestern China. Below, the same caravan proceeding across Kwangsi province.

Gov't Not Ready

Mr. Wang told the newsmen that at the present moment he is not ready to organize his own "national government." He was not in a position, he explained, to answer inquiries concerning Chinese Customs revenue, currency and other fiscal matters.

Dealing with the question of evacuation of the invading Japanese troops, Mr. Wang told the correspondents that as long as the Chinese Government "is still shouting resistance, it is obvious that no general evacuation can be effected."

He said that when "peace is re-established" and when the Chinese Government is overthrown, "any Chinese army which publicly adheres to the peace and anti-Communism

policy" will be left intact to take over the evacuated areas.

The "foreign policy" of the socalled "Sixth National Congress," Mr. Wang declared, is to co-operate with Japan to maintain peace in East Asia and "to co-operate with foreign powers in furthering the cause of world peace."

What Europe War Shows

The *Central Daily News* states that the European war has completely exploded the peace arguments of Wang Ching-wei. The European war, it is stated, has shown that:—

1.—The nation must fight for her own freedom and independence.

2.—The strongest partner in the Anti-Comintern Pact was the first one to conclude a non-aggression pact with the Soviet.

3.—China's currency policy has been vindicated by German inflation, and a slump in the value of sterling and the franc, as soon as the European war started.

Long suspected but vigorously protesting his loyalty, Chu Ming-yi, meidco-politician and relative of Wang Ching-wei by marriage (Mrs. Wang and Mrs. Chu are sisters), has finally announced his participation in the Wang peace movement. In a circular telegram, Chu, in his capacity as "secretary-general of the Central Executive Committee," urged Gen. Chiang Kai-shek to resign from all his posts.

"As it has become clear to everybody that peace does not injure the existence of a nation and that resistance leads it to destruction, I cannot understand why the Kuomintang does not negotiate for peace," Chu in his telegram urged that the three conditions laid down in the statement of the ex-Japanese premier, Prince Konoye ,last December should be accepted as the basis for peace negotiations, but added that since Japan declared she would not stop fighting until Gen. Chiang Kai-shek resigns from all his posts, it is necessary that Gen. Chiang should retire in order to pave way for peace. Finally, Chu said that the efforts of Wang Ching-wei during the past few months had laid a great foundation for peace.

Puppets to Meet

While Wang Ching-wei is preparing to start a government of his own, apparently, leaders of the Peiping and Nanking regimes have different plans in mind. As the sixth meeting of the so-called Joint Committee of the "Provisional" and "Reformed" governments is scheduled to be held early next week in Nanking, Wang Keh-min, head of Peiping, and two other officials, Wang I-tang and Chu Sen are reported to be leaving Peiping for Nanking over the week-end to confer with the Nanking officials on some unrevealed matter, possibly measures to counteract Wang Ching-wei's government-forming activities.

Ni Tao-heng, puppet governor of Anhwei, narrowly escaped death at Pengpu last week, when an attempt was made upon his life. More than a dozen gunman broke into Ni's house and fought against the Japanese sentries on guard at the house. In the resulting shooting affray, one Japanese sentry was killed and another seriously wounded, while the assailants made good their escape.

Chungking Leaders Meet

In view of the present international situation and its possbile repercussions on China, an important conference was reported to have been held at Chungking last week, attended by many Chinese leaders specially summoned to Chungking from Hongkong, including T. V. Soong, chairman of the Board of Directors of the Bank of China.

According to a *Transocean* dispatch from Chungking, it is definitely pointed that China's policy will not be changed in spite of the European conflict. Chief attention is, however, focussed on the British attitude toward Japan, while efforts are said also to be made to increase cooperation between China and Soviet Russia. Since, following the outbreak of the European war, the influence of the United States in the Far East is fast increasing, China is also looking towards the United States for further assistance.

Interviewed regarding the possible effects of the European war on China's campaign of resistance, Dr. H. H. Kung, president of the Executive Yuan, while voicing regret over the outbreak of hostilities in Europe, asserted that the European war would not react unfavorably upon China. The object of China's struggle, Dr. Kung said, is to regain her independence and to safegaurd peace. China will not cease her resistance against Japan until after she has achieved this aim.

Referring to the present financial and economic conditions in China, Dr. Kung said that the exchange situation of late showed signs of improvement. He emphasized that China's financial structure remained unshaken despite two years of warfare and assured that the central authorities would continue their efforts to maintain the national currency so as to tide over the present crisis.

Warns Against Compromise

Warning the Chinese public aaginst the danger of Japan reaching a compromise with Britain as a result of the latter's heavy undertakings in the Europeapn war, Gen. Mao Tse-tung, Chinese communist leader in an article in the *Hsin Hua Jih Pao*, communist organ at Chungking, advocated the readjustment of Sino-German relations, making however the proviso that Germany must cease assisting Japan. Gen. Mao's statement is regarded as significant, as the Chinese communists have hitherto attacked Germany as "Japan's partner."

Gen. Mao stated that it would be wise on the part of China to take adequate precautions against Britain possibly submitting to Japan at China's expense. Militarily, he urged that China should vigorously continue the struggle against Japan with special attention to the guerrilla forces behind the Japanese lines. He also suggested a reorganization of the Chinese troops as well as political administration and party affairs in order to meet the new situation fully.

Three Lessons

The Chinese people should learn three lessons from the European war, wrote the *Shun Pao* of Shanghai. First, they should know that security, like peace, is indivisible. Millions of Germans, Poles, Britons and Frenchmen are shedding their blood for the security of their respective countries. The Chinese people should therefore realize the significance of national security.

Secondly, the Chinese should take a lesson from the obedience of the nationals of the belligerent Powers in Europe to the orders of their respective governments to end commercial relations will their enemies. The paper stressed that those Chinese who are engaged in profiteering in violation of the orders of the National Government should be ashamed of themselves.

Thirdly, the Chinese people should lead a more serious life during the national emergency. In Britain, all theaters have been closed since the British Government declared war on Germany. The British example should be emulated by the Chinese, the paper recommended.

Diplomatically, the European war has created a more favorable situation for China, stated the *Chung Mei Jih Pao*. Japan has lost the friendship of Germany, and is more isolated than ever. Her attempt at a rapprochement with Britain and France are likely to fail because of the conflict of vital interests, the journal pointed out. China's heroic resistance against aggression has gained her many friends and will bring more if she continues her efforts, the paper added.

Britain Gives Assurance

The British Foreign Secretary, Lord Halifax, according to a London dispatch, assured the Chinese Ambassador, Dr. Quo Tai-chi that amid the kaleidospoic changes resulting from the European war, the main lines of Britain's Far Eastern policy would remain unchanged. Both statemen were reported to have agreed that China and Britain share a close community of interests and identity of purpose in resisting aggression.

In order to expand its scope of activities and strengthen its authority, a reorganization of the Ministry of Foreign Affairs was effected last week by order of the National Government, as a result of which three new depatrments have been created. According to the new regulations, the Ministry now consists of the following departments:

General Affairs Department; East Asia Affairs Department; West Asia Affairs Department; European Affairs Department; American Affairs Department; Treaty Affairs Department; Publicity Affairs Department.

The new departments created are the West Asia Affairs Department, the American Affairs Department, and the Treaty Affairs Department. The Treaty Affairs Department was formerly the Treaty Affairs Committee.

HONGKONG SHANGHAI TIENTSIN

CANTON SWATOW FOOCHOW CHANGSHA HANKOW

CHUNGKING KUNMING ICHANG WENCHOW NINGPO

WILLIAM HUNT & COMPANY

General Managers

for

HUNT STEAMSHIP CORPORATION

HUNT ENGINEERING CORPORATION

CHINA FOREIGN ASSURANCE CORPORATION

CHINA FOREIGN TRADE CORPORATION

NANYANG BROTHERS TOBACCO CO., INC.

WATSON'S MINERAL WATER CO., INC.

CHINA CORPORATION

WASHINGTON LONDON

90-117

Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

August 26

Some 1,000 houses destroyed yesterday when 11 Japanese bombers dropped 55 bombs over Lishui, in Chekiang, northwest of Wenchow. Number of casualties yet unknown.

Japanese air bombings of Chungking since the first raid months ago "absolutely indiscriminate," said a foreign journalist (who recently returned to Shanghai from the wartime capital) in interview with **The China Press.**

Wang Chi-lu, 58-year-old business department chief of the **Eastern Times,** Shanghai Chinese daily, seriously wounded in attempted assassination in French Concession. Motive of attack believed political, as Wang who was rumored to have joined Wang Ching-wei's "peace" movement and also held an important position in the **Chung Hua Jih Pao** (Wang Ching-wei's organ in Shanghai).

Interviewed by the press on Japan's reaction towards the Soviet-German Non-Aggression Pact, a Tokyo War Office spokesman announced that Japan would not abandon her campaign against the Comintern nor her formula for disposing of the China Incident.

U. S. State Secretary Cordell Hull denied knowledge of the rumored Sino-Japanese peace parleys as alleged in reports from Peiping, according to Washington dispatch.

*
**

August 27

Kensuke Horinouchi, Japanese Ambassador at Washington, in interview with Secretary Cordell Hull yesterday, assured him that no anti-American agitation was in progress in Japanese-controlled areas of China.

Refuting allegations contained in the local Japanese daily **Tairiku Shimpo,** a spokesman of Shanghai Municipal Council denied that there had been at any time more Chinese soldiers interned in the International Settlement than the 400-odd members of the "Lone Battalion." The Japanese paper alleged that in addition to the Lone Battalion, "about 6,000 to 7,000 soldiers have filtered into the Settlement and the Concession since the beginning of hostilities."

Many cases of ill-treatment of Germans in Tientsin by Japanese sentries reported. Large numbers of Germans leaving Tientsin, but keeping their destination secret.

*
**

August 28

Japanese Cabinet under Baron Hiranuma resigned **en bloc;** failure of foreign policy attributed as cause of resignation; Gen. Noboyuki Abe, former Vice-Minister of War, ordered to form a new cabinet.

Chungking not surprised by the fall of the Hiranuma Cabinet, as such a change was inevitable after the conclusion of the Soviet-German non-aggression pact.

Wang Ching-wei elected "Chairman" of the Kuomintang at the so-called "Sixth Congress of the Kuomintang" now being held at a fortified house on Yu Yuen Road in Shanghai. Convened by Wang himself, the parley said being attended by some 240 persons. Some of the resolutions adopted at meeting were:

1.—That resolutions adopted and decrees issued since January 1, 1939, by the Central Executive Committee and the Central Supervisory Committee of the Kuomintang in Chungking be null and void.

2.—That all departments of the Central Party Headquarters be dissolved, pending reorganization.

3.—That all Tangpu offices cease activities, pending reorganization.

4.—That the chapter in the Constitution of the Kuomintang dealing with the system of Tsung-tsai be revised, and the system of Tsung-tsai abolished, and instead a Chairman of the Central Executive Committee elected to exercise the powers of the Tsungli (President) of the Patry as set forth in Article 4 of the Constitutoin.

Anti-British campaign in North China showing signs of slackening; Japanese attitude toward the British believed moderated by present developments in Europe.

Japanese troops began wtihdrawing from the border of Hongkong, leaving only a small force at Namtau and skeleton border patrols to maintain peace and order, move seen as evidence of more friendly attitude adopted by Japan toward British since the signing of the Soviet-German pact.

*
**

August 29

Wang Ching-wei's "Sixth Congress of the Kuomintang" adopted the following resolutions at its second meeting:

1. That anti-communism be the basic policy of the Party;
2. That Sino-Japanese relations be fundamentally readjusted and normal relationship between the two countries resumed within the shortest time;
3. That a National Assembly be convoked and the constituiton be put into force within the shortest time.

Lord Halifax, British Foreign Secretary, assured (yesterday) Dr. Quo Tai-chi, Chinese Ambassador at London, that British policy in the Far East had not been changed as a result of the European crisis or the signing of the Soviet-German pact. M. Shigemitsu, the Japanese Ambassador, also called on Lord Halifax who was warned against anticipating any drastic reversal in Japan's policy as a result of the German-Soviet pact, but was told that there were hopes for a substantial improvement in Anglo-Japanese relations.

Admiral Harry E. Yarnell, retired Commander-in-Chief of the U. S. Asiatic Fleet, presented (yesterday) with the Distinguished Service Medal by President Roosevelt.

*
**

August 30

Chu Hsin-kung, columnist, employed by the **Ta Mei Wan Pao,** Chinese edition of the **Shanghai Evening Post & Mercury,** shot and killed near North Honan Road Bridge by lone assassin who was arrested on the spot by Police. The late Mr. Chu was noted for his loyalty to the National Government and resistance against Japanese aggression. Prior to the incident, Mr. Chu had received several threatening letters from the so-called "Special Service Corps of the Chinese Kuomintang for Extermination of Communists," an organization allegedly affiliated with Wang Ching-wei. Mr. Chu's murder followed his defiance of the terrorist warning. Popular among the literati of China, the late Mr. Chu was survived by a wife and a seven-year old son.

New Japanese Cabinet under Gen. Abe officially announced:

Premier—Gen. Nobuyuki Abe.

Foreign Minister—Gen. Nobuyuki Abe, concurrently.

War Minister—Gen. Shunroku Hata, former Chief Aide-de-Camp to the Emperor and Commander-in-Chief of the Expeditionary Force to Central China.

Finance Minister—Kazuo Aoki, President of the National Planning Board.

Navy Minister—Vice-Admiral Zengo Yoshida, former Commander-in-Chief of the Combined Fleet.

Wang Ching-wei's "Sixth Kuomintang Congress" issued lengthy manifesto, denouncing Gen. Chiang Kai-shek and the Communists, urging peace with Japan on the conditions laid down in the statement issued by Prince Konoye (ex-Japanese premier) last December and announcing preparations for the formation of a new government in Japanese-occupied China.

North China suffering from serious flood disaster. Some 10,000 persons believed to have been drowned in the 30,000-kilometer flooded area, 3,000,000 persons affected by the flood and 600,000 in need of relief, according to Japanese reports from Peiping. More than 120,000 houses washed away and damage to Tientsin alone likely to reach $400,000,000.

Reception by the Japanese press of the new cabinet under Gen. N. Abe unfavorable. The Tokyo **Asahi** characterized the new government as "flat and lacking in vitality."

Mandate issued by the National Government, ordering all government officials and their families to assist the Government in the search for traitors. Awards promised for information leading to apprehension of traitors.

Nine hundred new American trucks arrived in the interior for service on the highways of southwest China.

China's foreign policy will remain unchanged in the event of a European war, declared high official circles in Chungking, because "China is engaged in a struggle which precludes any outside activity." However. These circles continued, "China will watch the situation closely and mould her action to suit world events."

*
**

August 31

Japan will not seek isolation though she pursues an "autonomous" diplomacy, Gen. N. Abe, new Premier and Foreign Minister, said in outlining the new policy of the reformed cabinet.

The four Chinese terrorist suspects held in the British Concession at Tientsin soon to be surrendered to the Japanese-sponsored Chinese court at Tientsin, according to London report. Surrender of the four men scheduled on special instructions from the British Government.

While the British Government reported ready to hand over the four Chinese suspects, Judge P. Grant-Jones of the British Supreme Court for China in Shanghai granted a writ requiring the Tientsin British authorities to show cause why the suspects in their charge were being held. The British Court's decision followed a hearing of the case for the four men presented by J. R. Jones, Shanghai British lawyer, acting on instructions from interested London law firms.

Dr. Quo Tai-chi, Chinese Ambassador at London, protested to British Foreign Office against the order for the surrender of the four Chinese suspects to the authorities at Tientsin.

After several days of quiet, anti-British campaign intensified in Peiping. Families of the British Embassy staff left for Hongkong.

Li Chien-nan, Japanese-appointed Chinese superintendent of the Shanghai Maritime Customs, issued new

THE
CENTRAL BANK OF CHINA

A BANKERS' BANK

HEAD OFFICE:
CHUNGKING

SHANGHAI OFFICE:

Telephone: 74430 Cables: "Governbank"

BRANCHES:

SHANGHAI	Swatow	*Nancheng*	*Nankiang*
HANGHSIEN (Yungkang)	*Kongmoon*	Lanchow	*Tzeliutsing*
Ningpo	WUCHOW	*Tienshui*	*Nanpu*
Chuhsien	Kweilin	Kweiyang	*Mienyang*
AMOY	TIENTSIN	*Panhsien*	*Loshan*
Foochow	Peiping	KUNMING	*Kwangyuan*
Tsinkiang	NANCHANG	*Mengtsz*	*Santai*
Nanping	*Kian*	CHUNGKING	*ICHANG*
Chienou	*Linchwan*	Chengtu	*Hankow*
Pucheng	Chengchow	*Wanhsien*	Changsha
Santuau	Kaifeng (Nanyang)	Ipin	Changteh
Kulangsu	*LOYANG*	Yaan	*Hengyang*
CANTON	Sian	*Kiangtsing*	*Lingling*

FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

90-119

regulations requiring the payment of import duties in the Japanese-controlled Hua Hsing bank notes as from September 1. Exchange rate of the puppet bank note arbitrarily fixed at 6d.

***

September 1

M. Alexandre Seminovitch Panaouchkine, new Soviet Ambassador to China, presented his credentials to President Lin Sen of the National Government. Arrival of the new Soviet envoy in Chunking kept a close secret until today.

Pandit Jawaharlal Nehru, Indian Congress leader, in a radio speech broadcast from Chungking last night, condemned Japanese aggression and appealed to the Japanese to "remove this blot from their fair name and side with Peace, Freedom and Democracy." China's heroic struggle lauded.

"China has suffered terribly, but the loss to Japan is infinitly greater, for she has trafficked with her soul and with the vital principles which humanity holds dear," Mr. Nehru said.

The Shanghai Maritime Customs' ruling requiring payment of Customs duties, dues and fees in Hua Hsing Commercial Bank notes put into effect by the Japanese. The staff of the Customs Collection Office, employees of the Central Bank, replaced by 33 clerks from the Japanese Yokohama Specie Bank. "Foreign business in Shanghai is doomed" was comment by a prominent foreign businessman when interviewed by **The China Press** on the new Customs ruling.

Two further shooting incidents occurred in Shanghai, one victim being Dr. D. Tsang Dao, physician, (killed) and the other Wong Tung-chi, occupation unknown, (wounded). Both shootings believed political.

Commencing from today, postal rates for foreign mails are doubled, according to official announcement by the Chinese Post Office at Chungking. Demestic postal charges unaffected.

War broke out in Europe as Germany started invasion of Poland. Important repercussions on the Far Eastern situation expected.

***

September 2

About 40 Japanese bombers, in several groups, staged a moonlight raid on various cities in Szechuan last night, bombing Wanhsien and also points to the south of Chungking.

Dr. H. H. Kung, Finance Minister, announced a general reduction in the tariffs on imports into "Free China." Reductions are about one-third of the previous rates.

The American Chamber of Commerce in Shanghai protested to the United States Chamber of Commerce against the Shanghai Customs new ruling requiring payment of import duties in the Japanese sponsored Hua Hsing banknotes. U. S. State Department requested to take appropriate action regarding the matter.

Ex-Red General Takes Command in West Shansi

Taking off from Yenan (Fushih), northern Shensi, General Chu Te, Commander of the 8th Route Army and concurrently Vice-Commander-in-Chief of the Government forces for the Second War Zone (Shansi-Suiyuan-Charhar), has arrived "somewhere" in western Shansi by airplane to direct operations against the Japanese, *Kuo Min* reported on Sept. 7.

Newsmen Detained by The Chinese Military

Jack Belden, American war correspondent formerly connected with the *United Press*, and W. L. "Buzz" Farmer, former *China Press* reporter, are being temporarily detained by Chinese military authorities at Kian, provisional capital of Kiangsi, according to a report from Chungking this week.

Neither was reported to have in his possession a military passport to visit Chinese war areas, Chinese reports said. Mr. Belden was reported not even to have had his American passport with him when arrested by the Chinese authorities.

This is the second time Mr. Belden has been detained by Chinese military authorities. Some time ago when covering the China war for *United Press* he was detained in Lanchow when it was suspected that he had photographed Soviet planes and aviators. He was released when an examination of his pictures revealed no military secrets.

Mr. Belden and Mr. Farmer, who is an Australian, left Shanghai some three weeks ago with the purpose of traveling through Chinese war areas to Chungking. They planned to write of their experiences for various foreign publications.

Mr. Farmer was formerly connected with the Chinese Government in Chungking where he was employed in the publicity office. He returned from Chungking to Shanghai about three months ago and joined *The China Press*, resigning when he decided to make the trip with Mr. Belden. Mr. Farmer first worked in 1937 for the *North-China Daily News*.

Orphaned Catholic Makes Confession of Murder

Finding the crime weighing too heavily on his mind, Kiou Ah-loh, 25-year-old devotee of the Catholic faith, entered the confessional at St. Pierre's Church on Avenue Dubail last Sunday and told a father confessor how he had killed Father Le Breton, 59-year-old director of the Siccawei Orphanage, who was found strangled to death in his room on Aug. 30, as reported in last week's issue of *The Review*. A little later he repeated his story to the French police.

The killer was entered at the Tousewei Orphanage printing shop at the age of eight and had been working there 17 years. A couple of months ago he was dismissed. He sought a means of revenge and got two companions to help him. They went to see Father Le Breton on Aug. 30 on the pretext of trying to place an orphan in his care. They were shown to Father Le Breton's room and as soon as they entered jumped on the aged director and strangled him. They then tried to open the iron safe which contained a large sum of money, but unsuccessfully, so they made off with $200 in banknotes which they found in a box.

Kiou Ah-lou now awaits trial for murder, while the police are hunting down his accomplices.

春青寶

BIOZYGEN

(DRY YEAST PREPARATION)

Treated With Ultra-Violet Rays

Biozygen, a dry Vitamin Yeast of a light yellowish powder, is the richest product in Vitamin B1 and B2 in existence. It contains large quantities of Glutathion, a substance indispensable for keeping the tissues healthy and alive and for destroying those manifold toxic substances that enter into or develop within the body.

Biozygen contains the entire Vitamin B complex. 100gm. of *Biozygen* contain 3000-4000 international units equivalent to 2000-2500 biological units of Vitamin B1 besides 1500 biological units of Vitamin B2. It shows a highly benificial effect in cases of Anemia, Diabetes, Furunclosis, Seborrhoe, being especially helpful to convalescent patients.

Biozygen is furnished without salt and therefore highly appropriate for saltless diets in diseases of the gall bladder, kidneys, heart, stomach, bowels, and in epilepsy. It can be added in small quantities (10g. = ½oz. per day for any person) to soups or vegetables at the beginning of the cooking process. It is important to know that in order to ayert the danger of *Biozygen* becoming disagreeable to the taste when taken for any length of time, it is advisable to add it to soups, vegetables, etc. at the beginning of cooking.

Prepared By:

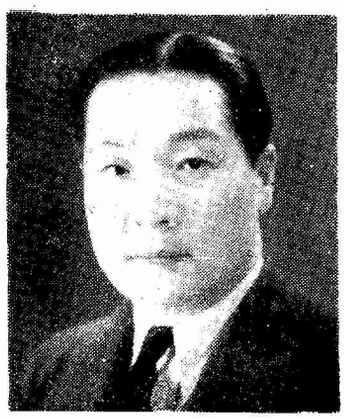
The New Asiatic Chemical Works, Ltd.

1095 Sinza Road, Shanghai, China

Packing: Powder; in bottle of 25gm., 50 gm., 100 gm., and 500 gm. Tablets; in bottle of 50, 100, 200, 300, and 1,000 of 0.25 gm.

Who's Who in China

Chen Kuo-liang, Government official; born at Ta-Hsing, Hopei, 1895; graduate of Peking Higher Normal College; M. A. Columbia University,



陳國梁

Chen Kuo-liang

U.S.A.; assistant director, Department of Religion and Social Service, Peking Union Medical College, Peiping; registrar, Yen-ching University, Peiping; Dean, Feng-Yung University, Mukden; Director, Wine and Tobacco Tax Bureau, Anhwei; Director, Wine and Tobacco Tax Bureau, Kiangsu; Commissioner of Finance, Hopei Provincial Government; Commissioner of Reconstruction, Szechuan Provincial Government; address: Department of Reconstruction, Szechuan Provincial Government, Chengtu, Szechuan.

Good News For Young Mothers

It is an unfortunate fact that the health of many a young mother is seriously affected by the event which she has recently experienced.

She is left in an anaemic condition, her limbs feel like lead, causing perpetual weariness, she has no appetite, she is sallow and thin, has no spirit and her nerves are constantly on edge; altogether she is in no state to give her child the start in life he should have.

If you are suffering in this way take heart from the experience of a Canadian mother, Mrs. M. Brethour, of Cornwall, Ontario, who gives all the credit for her recovery to Dr. Williams' Pink Pills. "After the birth of my baby," writes Mrs. Brethour, "I was in hospital for four months, and came home weighing only sixty five pounds. I began taking Dr. Williams' Pink Pills and it wasn't long until I weighed ninety five pounds and my general health was of the best. Every spring I now take the pills as a tonic, and I strongly recommend them to all mothers."

Dr. Williams' Pink Pills are equally good for men and women of all ages who are suffering from any of the ills resulting from an impoverished condition of the blood. Do not delay, but start yourself on the road to recovery to-day. All chemists can supply Dr. Williams' Pink Pills.

Lieut.-Col. Spear Set At Liberty by Japanese

Following four months' detention by the Japanese military at Kalgan, Lieut.-Col. C. R. Spear, British Military Attache in China, was released on Sept. 8 and the espionage charge against him dropped. He was expected to proceed to Shanghai within a few days.

Lieut.-Col. Spear was detained by the Japanese after passing through both Chinese and Japanese lines in North China and taken to Kalgan on May 26, where he was kept until Sept. 5, when he was transferred to Peiping, where he was housed in the Japanese Embassy compound. Three days later he was released.

In an interview with *United Press*, Col. Spear said his personal, relations with Japanese officers and others he came into contact with in Kalgan and Peiping had been most cordial. A spokesman of the Japanese military in North China issued the following statement: "Actions of Lieut.-Col. Spear violated Japanese military law, but there are extenuating circumstances regarding the degree of violation. He acted carelessly and not with any evil intent. Therefore it was decided not to prosecute him."

Anti-British Campaign is Still on; Irish Take Part

Indicating that the Japanese-sponsored anti-British movement in China has not yet been liquidated, more than 4,000 persons attended a mass meeting in Kaifeng, Honan province, on Sept. 10, *Domei* reported, to demand a return of British concessions and foreign settlements to Chinese jurisdiction.

A *United Press* dispatch from Peiping on Sept. 11 said the anti-British campaign in that city had been extended to include anti-French agitation and was also featured by an "Irish-Chinese" anti-British demonstration. The day previous, the agency report said, banners demanding a ban on French goods made their apearance in an anti-British parade. "Irish" anti-British signs were hoisted along the main streets, bearing such slogans as "Let Ireland be represented in China. To hell with British passports. Ireland is no longer England's slave." The banners were hoisted by uniformed Chinese policemen. A Japanese spokesman said this part of the demonstration was arranged by Irishmen co-operating with the Chinese police.

交通銀行

上海分行

BANK OF COMMUNICATIONS

SHANGHAI BRANCH:

889 Avenue Joffre, Shanghai

Telephone 77183-6

With Branches and Sub-branches throughout China and Correspondents in all principal cities of the world. All kinds of Banking business transacted, including Savings and Trust business.

LOCAL SUB-BRANCHES:

438 Nanking Road,

228 Boulevard des deux Republiques,

1708 Bubbling Well Road.

90-121

Men and Events

Sergio Osmena, Vice-President of the Philippine Commonwealth, who was traveling in Europe at the time of the outbreak of the war, was among the first group of 502 Americans to be repatriated. The group arrived in New York on Sept. 9.

*

Benjamin Teodoro, a Filipino, recently arrested in the French Concession on a narcotic charge, escaped from custody in the Development Building, where the U. S. Court is located, on Saturday, Sept. 9. Teodoro, who is 25 years old, was charged with having a small amount of heroin in his possession and had been taken to the Development Building for a hearing in U. S. Court.

*

Dr. Hsu Hsing-kai, professor at Northwestern Joint University at Sian, capital of Shensi, and Ting Lu-chin, director of the *Central News Agency*, were seriously injured when a motor-bus in which they were traveling was overturned on the Sian-Lanchow Highway near Changwu on Sept. 8. There were ten persons in the bus and all were injured according to the report. They were taken to a hospital at Sian for treatment. The accident was due to negligence of the chauffeur.

*

Sir Archibald Clark Kerr, British Ambassador to China, in a radio broadcast on Sunday, Sept. 10, his first in China, urged British subjects throughout China to "carry on" with their particular jobs—until the call to arms came. Britons residing in the outports, who were largely cut off from news of war developments in Europe, were told that they would be reached when wanted for service. The Ambassador said that he was glad there had been no recent untoward incidents attributable to the war and hoped the commendable behavior of British subjects would continue.

*

The China National Aviation Corporation, much of the stock of which is owned by the American Pan-American lines, will increase its trips between Hongkong and Chungking from one to three a week, according to report from Chungking on Sept. 7. The reason for the decision was the cancellation of the calls of the Eurasia Aviation Corporation's planes at the British Colony. The Eurasia Aviation Corporation is a Sino-German enterprise, the German stock being held by Luft-Hansa. The C. N. A. C. line is continuing its Service to Hanoi, French Indo-China. Recently it was rumored that the Russo-German non-aggression pact might permit the Eurasia line to open a route to Germany by way of Sinkiang and the U. S. S. R., but there has been no confirmation of the report.

Inosume Furuno, previously a departmental manager of *Domei*, the official Japanese news agency, was appointed president of the organization on Sept. 9, in succession to Yukichi Iwanaga, who died of heart attack two weeks ago.

*

Neil D. Brown, manager of Globe Wireless, Ltd., in Shanghai, has been appointed vice-president of the parent organization. The action was taken by the board of directors in San Francisco last week.

*

Carl Nephrud, Tariff Secretary with the Chinese Customs Administration, returned to Shanghai this week from a trip to the United States. He was accompanied by his sister, Mrs. Otjen and her son Carl of Milwaukee, who will spend some time here.

*

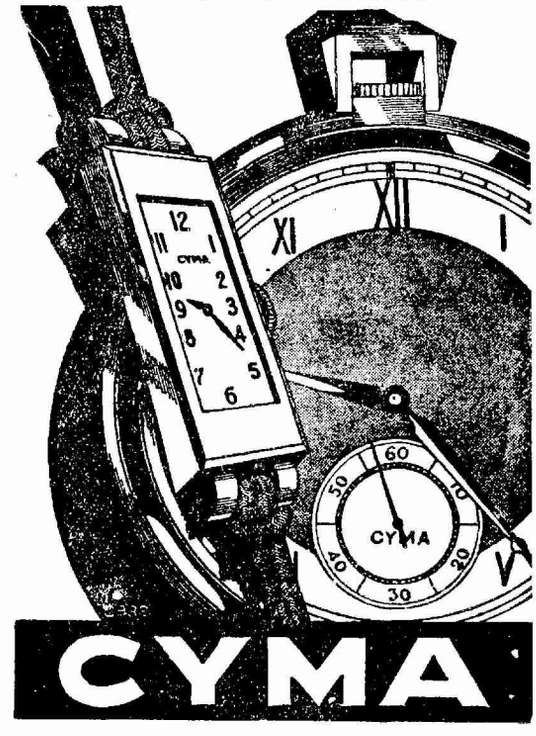
Customs authorities at San Francisco, on June 14 last, seized a trunk belonging to a Chinese passenger named Pong Wing-kwong, which contained 250 five-tael tins filled with opium, which was valued at approximately U. S. $75,000. Pong was recently tried in the Federal Court at San Francisco and sentenced to 10 years' imprisonment and a fine of U. S. $15,000. According to a report received in Shanghai this week the U. S. Treasury Department, which has charge of the enforcement of the anti-narcotic regulations, is making a determined effort to stamp out the smuggling of opium into American ports from Shanghai and Hongkong.

For
Turkish and Domestic Blend
Smoke

Manufactured by
THE AXTON-FISHER TOBACCO CO.
Louisville, Ky., U.S.A.

TYPEWRITERS, AUTOMOBILES Bought, Sold, Rented, Repaired & Rebuilt, HERMES BABY Dealers, Bartlett Yung Co., 132 Kiangse Road, Tel. 11875, Garage End of lane 749 Yu Yuen Road, Tel. 20349.

西姆表
世界準確無馳名
各大鐘表行及百貨公司均有出售



CYMA
Known the World Over For Quality And Accuracy
(Obtainable at All Leading Watchmakers and Department Stores.)

The British China Relief Fund, previously known as the London Lord Mayor's Fund for Civilian relief in China, will continue despite the European war situation, according to report of the directors of the Fund (*Reuters*) from London on Sept. 9. The Fund has handled £202,000, according to the report which stated that the chief concern at present was the famine situation created by the serious flood at Tientsin.

*

The last baby Panda to leave China, before the Chinese Government's recent ban on the export of these rare animals, is now in the St. Louis Zoo. It was taken to the United States by William Schultz, who is connected with the Curtis Aviation Corporation. Mr. Schultz was met at Vancouver by George P. H. Vierheller, director of the St. Louis Zoo who took the animal to its new home. The Szechwan Panda will be the second animal from west China to be taken to the St. Louis Zoo, the first being a small Szechwan bear which was taken to St. Louis by Miss Margaret Powell, who brought it down the Yangtsze from Chungking and then took it across the Pacific and to St. Louis. Miss Powell, who was later married to Dr. V. Parks Woods, formerly a resident of Shanghai, now lives in Joplin, Missouri.

PAINTS AND PAINT WORK

Everything the best

H. B. CAMPBELL

1481 Bubbling Well Road

Phone : 34360

For Busy People

Working at high pressure, with little time to spare, is conducive to neglect of an important daily habit, resulting in liverishness, loss of appetite, biliousness. To relieve internal congestion and restore regularity, a dose of Pinkettes, which act in a gentle natural manner, is usually all that is required.

Pinkettes dispel constipation, aid digestion, relieve flatulence, prevent biliousness, liverishness and sick headach, restore vitality, sweeten the breath, clear the skin of pimples and other blemishes, and bring to the eyes the glow of health. Obtainable at all chemists, Pinkettes are the perfect laxative aid for men and women.

The Japanese giant plane, the Nippon, which started out on a round-the-world goodwill flight, is now making a tour of the United States as the outbreak of war in Europe has caused the remainder of the flight to be cancelled. The plane flew to U. S. A. by way of Nome, Alaska. When the plane entered American territory the U. S. Army authorities ordered all cameras carried by the crew to be sealed while flying over continental U. S. A. Those aboard the plane include Envoy Ohara, Chief Pilot Nakano, Co-Pilot Yoshida, Mechanic Shimokawa, Navigator Saeki, Wireless Operator Sato and Operator and Mechanic Yaokawa. The plane took off from Haneda airport, Tokyo, at 10:00 a.m. Aug. 26.

*

According to the Kweilin, Kwangsi, correspondent of the *North-China Daily News*, the primary school, owned and operated by the Christian and Missionary Alliance, an American institution, was seriously damaged when the town of Wuchow, Kwangsi was bombed by the Japanese on Aug. 15. Two bombs fell near the school, one on the recreation ground and the other in the street alongside the main building. Outside walls and partitions of the building were smashed and all windows broken. The tile roof was badly damaged and considerable furniture destroyed. Other property in the vicinity of the school, including the Women's Bible College, was also endangered. A Chinese printing establishment, a book store, a bank and an Indian optical shop were also badly damaged.

R. Stillard of the Dairen branch of the Hongkong and Shanghai Banking Corporation, was married on August 19 to Miss Barbara J. Duvall of Fresno, California.

*

Miss Chang Man-ye, sister of Mrs. T. V. Soong, arrived in Manila on Sept. 9 to join Mrs. Soong who is spending a vacation in the Philippines.

*

Mr. Shinya Saka, Chief of Japanese consular police in Shanghai, has been promoted to the position of Chief Secretary of the Metropolitan Police Board at Tokyo, according to the *Tairiku Shimpo*.

*

Miss Martha Bates Powell, daughter of J. B. Powell, editor and publisher of *The China Weekly Review*, and Mrs. J. B. Powell, of Columbia, Missouri, was married on July 22 to Malcolm Stewart Hensley of Los Vegas, New Mexico. The wedding took place at the Congregational rectory of Albuquerque, N. M., with the Rev. Dr. O. S. Warford officiating. Mr. Hensley is the son of Mrs. Malcolm Hensley of Raton, N. M. Mr. and Mrs. Hensley became acquainted at the School of Journalism of the University of Missouri where both were students. For the past two years Miss Powell has been in the news and society departments of the St. Louis *Post-Dispatch*. Mr. and Mrs. Hensley are residing in Los Vegas, N. M., where Mr. Hensley is advertising manager of the *Los Vegas Optic*.

THE BOOK OF THE MONTH AND MONTHS TO COME
THE YELLOW PAGES OF YOUR CLASSIFIED DIRECTORY TELL YOU WHERE TO BUY
CONSULT THIS BUYER'S GUIDE
When you want to know
THE NEAREST STORE THAT SELLS WHAT YOU REQUIRE
A FIRM THAT CAN RENDER THE SERVICE YOU NEED
WHOLESALE OR RETAIL DEALERS AND AGENCIES
WHERE TO BUY UNUSUAL THINGS
SHANGHAI TELEPHONE COMPANY
232 KIANGSE ROAD
TELEPHONE 9-4090

SWAN, CULBERTSON & FRITZ

Investment Bankers and Brokers in Securities and Commodities.

Daily New York and London Stock Exchange Service.

Sassoon House Telephone 11200

OLINSOL

AN IDEAL DISINFECTANT

而沙林亞

菌毒滅殺

INTERNATIONAL DISPENSARY

SHANGHAI

Alexander Buchman, who was connected with various newspapers in Shanghai for several years, has gone to Manila.

*

Roger Babson, one of the best known economists of the United States, was in Shanghai for a few hours this week as a passenger on the President Coolidge. He will return to Shanghai on Sept. 25 when he is scheduled to deliver an address here.

*

J. V. Crowe, manager of Ford Motor Company Exports, Inc., returned to Shanghai this week on the President Coolidge, after several months spent in the United States. He was accompanied by Mrs. Crowe. On Tuesday evening of this week Mr. and Mrs. Crowe were guests at a cocktail party given by Mr. and Mrs. J. M. Huppman of the Ford organization, at their apartment in Cavendish Court, French Concession.

*

Frederick Simpich, member of the editorial staff of *National Geographic*, passed through Shanghai this week on his way to Netherlands Indies, but plans to return to Shanghai in November. Mr. Simpich was a member of the staff of *The China Press* for a time in 1909 and later did newspaper work in Manila and San Francisco. He then joined the State Department and after serving as consul at Bagdad and other places, he joined the department of military intelligence of the U. S. Army in the first world war, later retiring to become foreign trade adviser to the Department of State. For several years he has been a member of the staff of *National Geographic* and contributor to other magazines.

Defunct Raven Bank Makes Sixth Liquidation Payment

H. G. Nelson, Deputy Receiver for the bankrupt American-Oriental Banking Corporation, authorized the sixth liquidation dividend this week, the amount being five percent of the allowed claims to depositors and other creditors. Some 5,200 checks, amounting to about $758,000 Chinese currency, were being mailed out this week at the rate of about 400 a day. While most of the creditors reside in Shanghai and elsewhere in China, others reside in foreign countries over the world.

The American-Oriental Banking Corporation paid a first dividend of 7½% to depositors and other creditors of the Bank during the month of December, 1935, a second of 10% during the month of June, 1936, a third of 5% during the month of December, 1936, a fourth of 5% during the month of May, 1937 and a fifth of 5% during the month of February, 1938, making a total, with this one, of 37½%.

The dividend now being paid may be the last, but it is possible that a further small dividend will be paid.

Dr. George Sellett, official liquidator appointed by the U. S. Court, is now in the United States, but probably will return to China late this month.

A Simple Corrective For Children's Digestive Disorders.

When a child's digestive processes are interfered with, food does not nourish, he becomes weak, thin, easily tired, has little enthusiasm for work or play, and is often a nuisance to those around him. Nothing is more common in childhood than indigestion, few things more hindering to proper growth, few things more weakening to the constitution or more likely to pave the way to serious illness. Yet, nothing is easier to control.

Careful attention to diet and Baby's Own Tablets to regulate his bowels are usually all that is needed to put the ailing child right. Administered at the first signs of indigestion, these tablets cleanse the stomach and bowels and assist the digestive organs' work.

Baby's Own Tablets have the added advantage of being pleasant in taste and therefore can be administered, without fuss or bother, to the most fastidious child.

If your child is constipated, peevish, does not want his food, is bilious, or if you suspect the presence of worms, give him a dose of Baby's Own Tablets; they will almost surely quickly put him right. They are invaluable at teething time when, by settling the stomach, they help to ease the pains and promote sleep. Chemists everywhere sell the children's own health corrective, Baby's Own Tablets.

SUBSCRIPTION COUPON

(In China)

Send The China Weekly Review For

☐ One Year (52 issues) at $14

☐ Two Years (104 issues) at $26

☐ Half Year (26 issues) at $7.50

(Two one year subscriptions to different individuals may be sent at the two year rate of $26)

TO

NAME _____

ADDRESS _____

_____

*

NAME _____

ADDRESS _____

_____

*

And Send Bill To

NAME _____

ADDRESS _____

_____

Mail This Coupon to

The China Weekly Review

160 Avenue Edward VII, Shanghai China

New Books of Interest in the Far East

The War in East Asia

JAPAN IN CHINA—By T. A. Bisson. New York. The MacMillan Company. 1938. Price U.S.$3.00.

The author has certainly put to excellent use the experience he gained in the Far East through ten years of travel as the representative of the Foreign Policy Association. His *Japan in China* is not merely "another" book on the Far East; it is an exceptionally fine presentation of the whole present Sino-Japanese War—its antecedents, its course, and its probable outcome. Well-illustrated with maps and photographs, and carefully indexed, the book is likewise a credit to the publishers.

Mr. Bisson starts with an outline of Japan's aggressive tactics in the North, beginning from the Tangku Truce in May, 1933. These tactics, far from paving the way toward the dismemberment of China, proved disastrous for Japan in that they directly led up to a revival of militant Chinese nationalism and the achievement of political unity. The patriotic student movement, which started in the North and which culminated (in the spring of 1936) in the formation of the Student National Salvation Union, became a nation-wide instrument of propaganda against Japan. In December, 1936, the drama enacted at Sian proved that the former unruly civil and military lords were at long last willing to take their orders from Nanking. Japan had only to advance a few more steps on her path of antagonism to arouse a unified national resistance on the part of China. These fateful steps were taken when she embroiled herself in the Lukouchiao affair, when she bombed Tientsin and wantonly burned Nankai University, and later when she began military operations at Shanghai.

The author parallels his description of the rise of Chinese unity by an account of the successive political crises in Japan which eventually allowed the military clique to institute a modified form of fascism and thus regiment the entire resources of the nation in support of the China campaign. The most valuable of these resources up to date have been a very superior military machine and a well-correlated industrial and economic technique.

An entire chapter deals with an appraisal of the relative strength of the two nations; and Mr. Bisson feels that, given a long war, China has the best chance for victory. China's poorly coordinated economic system is by virtue of its semi-chaotic condition a powerful weapon. Upsets, such as the blockading of ports or the refusal of foreign countries to supply imported goods, do relatively little harm to China but immense damage to Japan. While the loss of Shanghai, Canton and other ports is a severe blow, it does not have the same crippling effects which the destruction of Osaka would produce on the economies of Japan.

Financially, also, China is comparatively well off. Although loss of territory has seriously curtailed her income, this loss has been offset in some measure by at least three factors: the generosity of patriotic Chinese who have remitted surprising sums for the purchase of government bonds; tax reform for inland provinces, involving larger assessments on landlords; and the relative cheapness of maintaining a defensive war machine as opposed to an offensive one.

One of the greatest potential dangers for China has been the possible collapse of morale, but apparently the critical period in this respect was passed when the Central Government was able to surrender Nanking and Hankow with but slight loss of prestige. It appears that Japan made a serious blunder in not making her terms of peace more attractive just prior to the fall of Nanking.

Writing when the war was barely a year and a half old, Mr. Bisson has had the temerity to offer a few prophecies. As the past six months has witnessed the fulfillment of a number of them, there is every indication that the author knows his subject remarkably well.

C.E.P.

Two Guide Books

OFFICIAL CHINATOWN GUIDE BOOK—Edited by Henin Chin N.Y. 1939. 96 pages. Price U.S. 15 cents.

OFFICIAL GUIDE BOOK: GOLDEN GATE INTERNATIONAL EXPOSITION—World's Fair on San Francisco Bay. 1939. 116 pages. Price U.S.25 cents.

The New York World's Fair provided the excuse for a new guide book to New York's Chinatown, which is located downtown on Doyers, Pell, Mott, Bayard and Canal Streets. This area, which contains more than ten thousand Chinese, is one of the most popular tourist points in New York. The guide book also contains short articles on subjects of Chinese culture and history, as well as a directory for the shops in that area.

The official guide for the San Francisco Fair gives the information necessary for a successful visit to the Fair. The colored map and the numerous photographs give the pamphlet added interest.

General Headquarters For China Forces Established

Establishment of a new Central Headquarters of all Japanese Expeditionary Forces in China for the purpose of hastening the termination of the Sino-Japanese hostilities was announced in Tokyo Sept. 12 by the Army Section of the Imperial General Headquarters. Gen. Toshizo Nishio, who has been Inspector-General of Military Education, was named Commander-in-Chief of Japanese Expeditionary Forces to China, it was announced in a separate communique issued by the Ministry of War. Lieut.-Gen. Seishiro Itagaki, former War Minister, was appointed Chief of the General Staff of the Expeditionary Forces to China.

Military men said the creation of the new General Headquarters would strengthen the Japanese military organization in China and hasten the execution of plans for disposal of the conflict. The hostilities had reached a turning point which required the combining and strengthening of Japanese forces in China, military experts said.

The following additional appointments were announced by the War Ministry: Gen. Gen Sugiyama, Commander-in-Chief of the Japanese Expeditionary Force to North China and former War Minister, was named a Supreme War Councillor; Lieut.-Gen. Shojiro Iida was named Commander of the Imperial Guard Division; Major-Gen. Seiichi Yamada was appointed Director of the Bureau of Equipment of the War Ministry; Major-Gen. Shigeru Ohga was named head of the Army Cavalry School; Surgeon Major-Gen. Kentaro Oshibi was appointed Director of the Tokyo Third Provisional Army Hospital; Gen. Kenkichi Ueda, until now Commander-in-Chief of the Kwantung Army, was appointed to the Army General Staff; Lieut.-Gen. Yoshijiro Umetsu, newly-appointed Ambassador to Manchukuo, was named Commander-in-Chief of the Kwantung Army.

WAR BREVITIES

German pilots of the Eurasia Aviation Corporation are not permitted to enter Hongkong and the company, a Sino-German concern, has accordingly cancelled its Chungking-Hongkong service. To meet the demand for air travel facilities, the China National Aviation Corporation has increased its Chungking-Hongkong service to three trips a week.

*

The Japan Packing Association decided Sept. 8 to increase its annual production by 50 per cent as from next month to cope with orders for tinned foods which are now flowing in from Britain, Belgium and the Netherlands.

*

Mahatma Gandhi, Indian Nationalist leader, last week expressed sympathy with the cause of Britain and France "purely from a humanitarian standpoint," *United Press* reported. Hitler, he said, "knows no God but brute force."

*

On Sept. 9 the Shanghai Municipal Council decided to suspend, until further notice, all long leaves of employees whose countries are now engaged in the European hostilities, the reason being uncertainties of travel to and from home countries and difficulties likely to be encountered in getting back to Shanghai. Neutrals in the Council's employ will be permitted to go on long leave as before.

*

The Hongkong authorities have banned the export of antimony, lead, copper, quicksilver and other metals as from Sept. 8, according to the *Shun Pao*.

For the third time since the European crisis became serious at the end of August, Japanese marine insurance companies, on Sept. 11, raised their war risk insurance rates. On cargo shipped to Mediterranean ports or other ports by way of the Mediterranean, the rate is now Yen 8 per Yen 100. Early in September it was Yen 5 and in August Yen 3.75.

A.B.C. PRESS, SHANGHAI
Printing
in all its Branches
Your work should bear our imprint

In the United States Court for China

In re. Estate of HARRY FALCON WOODHOUSE Deceased.

Cause No. 4426

Special Proceedings No. 2305

NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Harry Falcon Woodhouse, deceased, to present the same with vouchers to the undersigned on or before March Sixteenth, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Walter T. Sullivan,
Administrator
c/o American Asiatic Underwriters, Fed. Inc., U.S.A.
17 The Bund, Shanghai, China

Shanghai, China.
September 12, 1939.

GENERAL SECRETARIAT
Letters, contracts, regulations, explications and other articles written, translated, typewritten in Chinese, English, French by specialists. 850 Ferry Road Tel. 39773 (Regulation ready to send).

P.H.D. Employee Faces Charge of Manslaughter

J. D. Morris, 36-year-old British staff member of the S.M.C. Public Health Department, went on trial in the local British court this week on a charge of manslaughter arising from a brawl at a house in Yangtszepoo early last Saturday morning. Accompanied by a friend, Morris and a Chinese interpreter are said to have visited the house of Ting Shu-cheng on Baikal Road. Morris, it was reported, became involved in a fight with Ting, as a result of which the latter died. Ting's boy reported the affair to a Japanese sentry and Morris was arrested, later being handed over to the British authorities.

Soviet to Grant Transit Visas to Nippon Refugees

The Soviet Government, in reply to a request from the Japanese Embassy in Moscow, has signified its willingness to grant transit permits to Japanese refugees at present in Sweden, to enable them to return home to Japan via Siberia, provided they obtain Soviet visas, according to a *Reuter* report from Tokyo. The number of persons involved is 160, all refugees from Germany.

Mrs. Ito Sakoh, wife of Mr. Shuichi Sakoh, Japanese Ambassador to Warsaw, arrived in Moscow last Saturday together with her family and the wives and children of the staff of the Japanese Embassy in the Polish capital. The party of 24 persons was expected to return to Japan via Siberia in the near future.

NOW ON SALE
SEPTEMBER
NUMBER OF
THE CHINA JOURNAL

CONTENTS

The Enchanting Beauty of Huang Shan
China's Export Trade
Szechuen Gallnuts or Insect Galls ..... *By C. Y. Chiao*
Shang Dynasty Site at Li-Cheng, Shantung.. *By F. S. Drake*
The History of Minting in China..*By E. Kann*
The Book of Eternal Purity and Rest ..... *Translated By W. Tonn*

$2.00 PER COPY

AVAILABLE AT ALL BOOKSTORES
AND AT
THE CHINA JOURNAL PUBLISHING CO., LTD.
117 Hongkong Road - - - Shanghai - - - Tel. 13247